



March 21, 2011

Starbucks to Open 1,500 Stores in China by 2015

Starbucks Corp. announced it will expand its business in China by opening more outlets in second- and third-tier cities and bring in new product lines to seize the instant-coffee market. "We will open 1,500 stores in China by 2015. Kunming in Yunnan province and Hefei in Anhui province are among the cities where we have decided to open this year," Wang Jinlong, Starbucks China president, told China Daily. Wang said they chose Kunming because the company's first global coffee bean farm is located in the province. From September 2010 to January this year, Starbucks opened stores in six cities, Changsha, Jinan, Fuzhou, Xiamen, Huizhou and Shangyu, totaling more than 800 stores in 35 cities. "We do not grow just to grow. We grow in a way so that we protect our brand and culture," said John Culver, president of Starbucks Coffee International. The second- and third-tier markets have very high potential and the company will provide high-quality coffee to those markets, Culver said. He also unveiled Starbucks' new logo in its Solana store in Beijing, and said the evolution of the brand also shows that the products will be more diversified. "We will develop more drinks and cakes as well as embrace our deep coffee heritage," he said. Starbucks is setting up a research and development center in Shanghai and will focus on creating new tea products to be sold in China.

Source: Chinadaily.com

Cold Stone Creamery Hits New International Markets

Cold Stone Creamery has signed three new partners in Singapore, Cyprus and Brazil. The Scottsdale, Ariz.-based chain, owned by Kahala, has entered into franchising agreements to expand in these countries beginning this year. Kitchen Language is the master partner for Cold Stone in Singapore and Malaysia and is the food and beverage arm of Singapore's largest private developer, Far East Organization. Formed in 2008, Kitchen Language is planning to open 10 Cold Stone stores in Singapore and six stores in Malaysia by 2014, with the first opening on March 12 on Orchard Road, the most famous road in Singapore. The master franchise agreement for expansion into Cyprus and Greece was signed with Gustatus Ltd., which is the food and beverage sector of Top Retail Co Ltd. The first unit to open in this territory is slated for May in Limassol, Cyprus, with additional growth targeted for seven stores opening in Cyprus within five years. The expansion plan in Greece is to open eight locations in six years, with the first Cold Stone planned for 2013. "Cold Stone Creamery researches the international markets and respects local cultures, which aligns with the values of Gustatus Ltd.," said Vasilis Michailidis, managing director. "Cold Stone's adaptability to different markets across the world while staying true to the brand's character and brand integrity is one reason we believe the ice cream brand will be very well-received in Cyprus and Greece." Later in 2011, Cold Stone Creamery will open in Brazil through new master franchise J.J.F. Franquias LTDA, which consists of the daughter of one of the shareholders and two of the top franchisees of a well-known Brazilian coffee concept. With the most rapid growth plans between the three new master franchisees, J.J.F. Franquias LTDA intends to open 26 Cold Stone Creamery locations in Brazil in the first five years. The first store is scheduled to open in August. Cold Stone Creamery's aggressive international growth began in November 2005 when the company opened in Tokyo. Today, Cold Stone has more than 345 international locations in 16 different countries including China, Korea, Canada, Denmark and the United Arab Emirates.

Source: QSRWeb.com

Subway Passes McDonald's

It's official: the Subway sandwich chain has surpassed McDonald's Corp. as the world's largest restaurant chain, in terms of units. At the end of last year, Subway had 33,749 restaurants worldwide, compared to McDonald's 32,737. The burger giant disclosed its year-end store count in a Securities and Exchange Commission filing late last month. The race for global dominance is an important one for an industry that's mostly saturated in the U.S. High unemployment and economic uncertainty have battered the restaurant industry in the U.S., and chains are increasingly looking overseas for growth, particularly in Asia. Starbucks Corp. recently said it plans to triple its number of outlets in China, for example. Dunkin' Brands Inc., parent of Dunkin' Donuts and Baskin-Robbins, plans to open thousands of new outlets in China in coming years as well as its first stores in Vietnam in the next 18 months. Subway just opened its 1,000th location in Asia, including its first in Vietnam. Subway, which opened its first international restaurant in 1984, in Bahrain, expects its number of international restaurants to exceed its domestic ones by 2020, says Don Fertman, Subway's Chief Development Officer. The chain currently has just over 24,000 restaurants in the U.S., where it generated \$10.5 billion of its \$15.2 billion in revenue last year. McDonald's is still the leader when it comes to sales. The burger chain reported \$24 billion in revenue last year. "We remain focused on listening to and serving our customers, and are committed to being better, not just bigger," a McDonald's spokeswoman says. Subway, which surpassed the number of McDonald's in the U.S. about nine years ago, expects China to eventually become one of its largest markets. The sandwich shop only has 199 restaurants in China now, but expects to have more than 500 by 2015. Subway has achieved its rapid growth, in part, by opening outlets in non-traditional locations such as an automobile showroom in California, an appliance store in Brazil, a ferry terminal in Seattle, a riverboat in Germany, a zoo in Taiwan, a Goodwill store in South Carolina, a high school in Detroit and a church in Buffalo, New York. "We're continually looking at just about any opportunity for someone to buy a sandwich, wherever that might be. The closer we can get to the customer, the better," Mr. Fertman says, explaining that it now has almost 8,000 Subways in unusual locations. "The non-traditional is becoming traditional." The company has some concerns about the economies of certain international markets, such as Germany and the United Kingdom. The company is trying to develop more affordable offerings in those countries, similar to the \$5 foot-long sandwiches that have been successful in the U.S. "Finding that kind of value proposition in those countries is essential," Mr. Fertman says.

Naked Pizza Hits Dubai and beyond

Naked Pizza opened its first international unit in Dubai at the end of January. The tourism-heavy, economically-thriving location was the New Orleans-based company's first dive into international waters. And with good reason. "Dubai represents acting on a promise at the core of our business mission – to launch the world's largest grassroots health movement on the back of an estimated \$50 billion dollar global industry," said Naked Pizza partner Robbie Vitrano. "The folks in Dubai seem to like the (Naked Pizza) concept, with great interest in our entrepreneurial model, use of social media and take on diet and obesity/chronic disease." Naked Pizza was created on the premise of delivering a "delicious, convenient and affordable pizza that fits into a healthy lifestyle." Company officials say they're out to prove that a fast food favorite can be both healthy and tasty while also creating a business model for investment, profit and scale. To coincide with that mission, Naked Pizza's menu items start at \$4.99 for a 10-inch pie, and the menu boasts unprocessed ingredients that are free of additives, trans fat or other chemicals. The new unit is located in the United Arab Emirate city's Marina District, also known as "new Dubai," which harbors residential towers, one of the world's largest manmade marinas, towering skyscrapers, shops, restaurants and more. Other Naked Pizza outlets also opened within the past few weeks in Boston (the city's second), San Diego, Lexington, Ky., and Coral Gables, Fla., pushing the company's unit count to about 15 in less than a year's time. The pace is about to get even faster, with Cincinnati set to debut next week, and 60 to 75 more units planned by year's end. "Our combination of a business strategy that hacks into a successful model, igniting with an authentic mission and frictionless use of a technology platform makes it possible," Vitrano said. "It all fits together – conscious capitalism, a reinvention of a highly successful but out of step business model, post-recession economics, post-mass media technology deployment, mentoring, collaboration and engagement. We've covered a lot of ground in short time, because we can."

Source: PizzaMarketplace.com



Saladworks Signs First Franchise Deals of 2011

Saladworks has announced its first multi-unit agreements in 2011 with two new franchisees to open a combined four locations. The restaurants will be located in Virginia's Fairfax and Loudoun Counties and Virginia Beach. The first location for both territories is slated to open in early 2012. New franchisee for Fairfax and Loudoun Counties, Mike Lord, spent 25 years in engineering. Lord, of Sterling, Va., recalled visiting a Saladworks in New Jersey years before. "When I was finally ready to make a career change, I looked into franchising and did a lot of due diligence on several concepts. I quickly found myself gravitating toward Saladworks. I knew I could be successful because I truly believe in the product and the system," he said. The second franchisee is Abdul "Abby" Attal, who will open the location in Virginia Beach. These agreements support Saladworks' expansion in Virginia, with deals already signed for Richmond. In 2010, Saladworks awarded 48 new franchise locations to new and existing franchisees.

Source: FastCasual.com

European Hotel Transactions Double in 2010 as Market sees Signs of Improvement

Hotel transaction volumes more than doubled in 2010, confirming an upturn in the investment market, according to this year's annual European Hotel Transactions Report published today by HVS London. Transaction activity across Europe reached a value of approximately €6.5 billion - up from €3.1 billion in 2009 - as the market began to show signs of recovery in the latter part of the year. Three-quarters of all hotel transactions were completed in the second half of 2010, reflecting an underlying rise in operating performance and improving investor sentiment towards the hotel sector. Last year's activity involved more than 80 transactions, each one in excess of €7.5 million, with 589 hotels and more than 60,000 rooms. Single asset activity accounted for 51% of transaction volume with average price per room reaching €253,000, up 50% on 2009. This figure was boosted by several large single asset sales including the sale of London's Grosvenor House to Sahara India Pariwar from the Royal Bank of Scotland for £470 million (€553 million), the sale by Starwood Capital of two Parisian landmarks - the Hotel de Crillon (€250 million) and Hotel Lutetia (€145 million) - and the sale by Rocco Forte of Le Richemond in Geneva for an estimated €120.5 million. However, although the year ended relatively strongly, total volumes remain well below their peak of €20 billion in 2006. "The underlying trend in the European investment market remains one of low activity caused by few properties being offered for sale, by banks or otherwise, and the continuing reluctance of banks to provide loans," commented report co-author Charles Human, managing director of HVS Hodges Ward Elliott, HVS's hotel brokerage and investment banking division. Speaking today [8 March 2011] at the International Hotel Investment Forum in Berlin, Human said: "For the European hotel investment market to return to 'normality', a recovery in underlying operating performance is needed, bringing with it a recovery in values, together with renewed bank lending. "Buyer interest in the European market has clearly increased over the last six months, and as confidence continues to return to the market we expect deal volume to further recover during 2011."

Source: Ehotelier.com

Going Global Brings Rewards and Challenges to US Restaurant Chains

Some chains are moving faster than others to expand overseas, but virtually all U.S. restaurant companies are at least contemplating international moves as the domestic market remains relatively flat. Global restaurant traffic and sales fell in the first three quarters of 2009 but began picking up in some regions at the end of the year, according to data

from NPD Group. Chains renewed their focus on international expansion last year as it became clear that overseas markets have greater growth potential than the saturated markets at home. From Subway's announcement that its overseas units are on track to outnumber its U.S. restaurants by 2020 to Dunkin' Brands' ambitious plans to grow in Asia to Chipotle's recent announcement that it would open its second European location in Paris this year, chains across the board are mapping out international plans. For some, the plans include heading back to markets where they've had operations in the past, which means they'll have some brand recognition right off the bat. The Wall Street Journal reported that Wendy's plans to fund international expansion with the proceeds from selling the Arby's chain, and the company announced last week that it signed a partnership that will signal its return to Japan, a market it exited in 2009 when it ended a partnership with a different operator and closed all 71 of its restaurants there. International growth may be the wave of the future, but it's not without its challenges, from global food supply and pricing issues to cultural and legal differences that can make operating overseas tricky. Still, chains that go in prepared for the challenges are reaping the rewards. McDonald's served about 200 million consumers in Russia last year, and the chain plans to add 40 new restaurants there this year, ending 2011 with 315 units — all of them company-owned. Unlike other international markets, McDonald's has no plans to partner with franchisees in Russia, an executive told The Moscow Times last week. While the franchise model does operate in Russia, Russian law doesn't recognize the concept, although lawmakers are moving to strengthen business law to encourage franchising in the future. Russian entrepreneurs typically don't have the access to training and capital that quickservice franchises require. In other parts of the world, chains often partner with franchisees that already operate multiple brands and locations because have access to expansion capital and a track record that makes obtaining new financing more likely.

Source: SmartBlog on Restaurants

French Café Group Buys Bruegger's Chain

The French Le Duff cafe group is to buy US counterpart Bruegger's to form what it calls the second-largest bakery-cafe group in the world. No figure was given for the deal "at the request of the seller" the US Sun Capital Partners investment group. Le Duff, originally from Brittany in northern France, currently owns 820 outlets including the Del Arte and Brioche Doree chains, group chairman Louis Le Duff told a press conference. Bruegger's has some 300 fast-food bakeries in the United States and Canada and the tie-up means a company with turnover of more than 1 billion euros (\$A1.43 billion). Le Duff is already present in the United States with its La Madeleine brand. The new deal will see it making 40 per cent of its turnover there and in Quebec. Le Duff said it now becomes the second bakery-cafe group, behind the Panera Bread group, which has some 1450 establishments throughout the US. The group plans to "Francify" some of Bruegger's restaurants, which currently have a large focus on bagels, breads and coffee, with some to be turned into Brioche Doree outlets. Le Duff also said it plans to open its first two Chinese Brioche Dorees this year: in Beijing and Shanghai. It is also present in Japan, though only via the export of pastries and frozen bread to hotels.

Source: ninemsnfinance, France

KFC to Auction Off 20 NYC Franchise Stores

Still-operating eateries average 2,000 square feet and have an average of 15 years left on their leases; move follows Chapter 11 bankruptcy filing of previous franchisee. Chicken lovers looking to open their own fast-food restaurants are in luck, big time—no less than 20 New York City KFC outposts are now up for auction with winners to be announced June 9. The sites include 10 locations in Queens, eight in Brooklyn and two in Manhattan—one on Third Avenue and East 106th Street and another on Lenox Avenue, between East 145th and East 146th streets. Two Nassau county sites are also included in the auction. "We're selling the lease-hold interest and the franchise," said Richard Maltz, vice president of the real estate auction division at Plainview, N.Y.-based David R. Maltz & Co. "They could be sold in groups or individually." Mr. Maltz said his company is targeting entrepreneurs who already operate KFC locations, as well as those who may want to start a new brand of fried chicken. On average, the outposts each have around 15 years remaining on their leases. The former owners of the score of KFC franchises, Paul and Joseph Panzarella, operated the sites filing for Chapter 11 bankruptcy protection last year. The eateries, which are still operating, average 2,000 square feet. The Panzarellas had also been involved in litigation with parent company KFC, involving a trademark dispute and failure to pay the financial fees associated with their franchise agreement, according to legal documents. "The bankruptcy was a cash flow issue and had to do with the economy,"

said Robin Abramowitz, the Lazer Aptheker Rosella & Yedid attorney representing the Panzarellas, who filed under the corporate entities of SQ KFC and Panzar KFC. "They filed for bankruptcy to preserve the assets, and the way we're paying the creditors is to sell the assets—the locations." Those new to KFC who wish to participate in the auction must submit bids by April 15. Current franchisees have a May 13 deadline. The auction will take place on June 9. Though Mr. Maltz could not say how much each location might sell for, he noted that it typically costs over \$1 million to start a single KFC franchise.

Source: Crain's New York Business/Crain Communications Inc.



In-N-Out Burger Speeds up Texas Expansion

In the coming weeks, In-N-Out Burger's reputation as a regional player in the \$191 billion fast-food industry is about to alter as it makes a giant leap into uncharted territory. At least eight In-N-Out restaurants are in the works in the beef-savvy state of Texas with the first locations expected to open in two months. To put that number in perspective, it's taken almost three years for In-N-Out to open eight units in Utah. Specifically, In-N-Out has its eye on the Dallas/Fort Worth area, where the cities of Allen or Frisco are expected to claim bragging rights for being the first In-N-Out to open in the Lone Star State. "We have been under construction on Frisco and Allen for some time and hope to have those two open by the end of May," said Carl Van Fleet, In-N-Out's vice president of planning and development. Future growth is also possible in Houston, Austin and San Antonio. But for now, concentration in the Dallas/Fort Worth area will keep In-N-Out "plenty busy for the next several years," Van Fleet said.

Source: OCRegister.com

Burger King Boss Insults British Women and Food

The chief executive of Burger King has described British women as ugly and English food as "terrible", in a gaffe likely to enrage his customers in this country. Bernardo Hees, 40, told a group of students in Chicago that "here the food is good and you are known for your good-looking women". Comparing the city to his student days at the University of Warwick, where he studied for an MBA, he recalled of his time in England: "The food is terrible and the women are not very attractive." His gaffe came only six months after taking the helm at the chain, which has 11,500 outlets worldwide, and unsurprisingly were not welcomed in Coventry, where Warwick University is based. Charli Fritzner, women's campaigns officer at the University's student union, said: "If he views women as potential distractions in academia, I wonder how he views them in the workplace? "It doesn't make Burger King an attractive employer for women." Marcus Wareing, a Michelin-starred chef at London's Berkeley Hotel, who specialises in English produce, said his comments were an "insult to British gastronomy", especially given what the Burger King menu contains. After Mr Hees' comments, which were made in an unguarded moment, were picked up and reported in America, a spokesman for the company said he regretted them, adding: "Mr Hees apologises if his comment has offended anyone. It was intended as a humorous anecdote to connect with his audience."

Source: The Telegraph (London)

Morton's Could Sell Itself, Shares Rise

High-end steakhouse operator Morton's Restaurant Group may sell itself, making it the latest restaurant chain in recent months to contemplate putting itself on the block as job losses forced people to cut back on eating out.

Morton's said that it is considering "strategic alternatives" including a sale to build value for shareholders, and that it has the support of its top two shareholders, private equity firm Castle Harlan and Laurel Crown Partners. The company declined to comment on the reasons that it considers options such as a sale preferable to remaining publicly traded. Its shares rose as much as 17 percent on the New York Stock Exchange. They were last trading up 11 percent at \$7.14. While some restaurants have suffered as more people stayed home and saved money during the recession, Morton's caters to people looking for a more expensive night out, as well as businesspeople with more durable expense accounts. Restaurants, hotels and other businesses that focus on corporate clients and business travelers have recovered more quickly from the financial crisis than many of their counterparts that appeal more to the general consumer. Still, the appetite for restaurants buyouts is growing, making it more attractive for companies like Morton's to sample the world of possible buyers. Raymond James analyst Bryan Elliott wrote that any buyer would be betting on the company's "performance gap" with its peers. "Most of Morton's key metrics remain competitively inferior to the majority of our restaurant coverage universe on most metrics, including sales per square foot, store level margin and EBITDA margin," Elliott wrote. A buyer also would have to hope that Morton's finds a sustainable way to deal with the rising cost of beef and a way to raise more money despite having "modest" free cash flow of \$10 million to \$12 million at current levels, he wrote. Castle Harlan, founded by John Castle in 1987, took Morton's private for \$71.1 million in 2002, ending a fight with billionaire investor Carl Icahn who wanted the company. The company went public again in 2006. Last month, casual dining chain Red Robin Gourmet Burgers Inc. said it would consider takeover proposals from two of its largest shareholders. And in July, sources told Reuters that private equity firm American Securities is bidding for California Pizza Kitchen Inc. Morton's, with a market capital of \$108.7 million, has the lowest price-to-earnings ratio of 14.5 compared with its peers, according to Starmine data.

Source: Reuters

Roy Rogers Mounts Comeback, Returns to Franchising

In 1968, the Marriott Corp. launched its Roy Rogers hamburger, roast beef and fried chicken concept. Twenty-two years later, it was one of the nation's largest quick-service players with 650 stores. But almost immediately after its \$365 million sale to the Hardee's hamburger chain in 1990, the brand's fortunes took a turn for the worse. Hardee's presence was strong in the Southeastern U.S., but it sought to expand into the Northeast by converting Roy Rogers units into Hardee's. The strategy failed so spectacularly that by 1993 some 200 stores had been rebadged as Roy Rogers. Today the chain is experiencing a resurgence, offering franchising opportunities and touting expansion plans. But Roy Rogers had to endure major adversities first. By 1996, unit counts had plummeted to 150, a decline of nearly 80 percent, and in an attempt to slow its massive losses, Hardee's sold hundreds of units for their real estate value to competitors such as McDonald's, Wendy's and Boston Market. "It was a disaster," said then-franchisee Jim Plamondon, whose father, Pete Plamondon, Sr., not only helped develop the Roy Rogers concept for Marriott, he was one of its first franchisees. "Roy Rogers had always been a brand that was a cut above the typical fast-food restaurant, never a coupon-driven company. Customers in the Northeast market did not latch on to Hardee's at all. It was a real debacle." With franchisee support for marketing and training all but gone, long-time franchisees began leaving the system. Plamondon said his family "started doing what a franchisor would for its own company. We hired a marketing firm and established our own training programs for our stores." In 2002, Plamondon Hospitality Partners bought the brand and formed Roy Rogers Franchise Co. (RRFC). "We thought, since we were we're doing all this stuff, we might as well get paid for it," said Plamondon, who became co-president along with his brother, Pete, Jr. At the time, the Fredrick, Md.-based company had 80 stores, but they knew franchisees of about 30 units would not renew. "That was OK, though, since a lot of those stores had really deteriorated and needed pruning out," said Plamondon, whose company owned 45 stores after the purchase. "Others just weren't performing to brand standards, so we allowed them to exit the system." Greg Seymoure, a veteran executive at McDonald's and Boston Market and now RRFC's operations director, said what's oldest about Roy Rogers is what will return it to growth mode. "What we call our 'Holy Trio' of products — roast beef, hamburgers and fried chicken — has always been a part of our concept and one important thing that sets us apart from competitors," he said. "We offer choice and customization with our Fixin's Bar. People want the ability to make it exactly how they want it while knowing it wasn't cooked before they got there." But will that add up to new units and more sales? Plamondon believes so. HMSHost, an international company that manages travel plaza and airport restaurants, has gradually boosted its franchise numbers to 22 through purchases of corporate units (four this year alone), and RRFC will add a pair of new corporate stores by May for a total of 52. And though the corporate-to-franchise store ratio is closer to 40-60 now, Plamondon said ideally it will shift to 20-80 over time. The chain's

reputation for good hamburgers remains strong in East Coast markets, and Plamondon believes renewed interest in basic burger concepts such as Five Guys and Smashburger will help Roy Rogers' cause. "This concept still has legs, a lot of potential and very broad appeal," said Seymoure, who joined the company in 2009. For franchisees "it's very simple to execute because there are sound operating systems and procedures. That's helped it withstand a lot of challenges over the past 40 years. It's still a great brand." Are you excited to see this classic brand's comeback?

Source: QSRWeb.com



Pinkberry Sees Rosy Prospects for Russian Expansion

Research by frozen yogurt chain Pinkberry, which shows that Russians are increasingly inclined to watch what they eat, helped convince the company to open its first outlet in Moscow, adding another American franchise to the city. "Moscow has a large consumption market with room to grow," Pinkberry chief executive Ron Graves said at the cafe located at the Moskva-City business complex. Other U.S. chains have also taken notice of the healthy eating trend — Baskin-Robbins's newest product is a reduced-fat and sugar-free ice cream. Pinkberry, which is known for its health-conscious frozen treats and modern design, is the latest entrant to Moscow's booming franchise market. Cinnamon roll bakery Cinnabon has seven franchises in Moscow and will spread to other Russian cities, such as St. Petersburg, Rostov-on-Don and Vladivostok, in the near future. The Papa John's pizza chain opened 17 franchises in the capital and continues to grow. Dunkin' Donuts opened nine shops in Moscow, with more promised. The steady growth of American snack and coffee shops will continue for the next several years, Deutsche Bank chief economist Yaroslav Lissovolik said. Increased household income levels and consumer demand make a favorable environment for the growth of such businesses. "The Russian consumer is ready to graduate to the higher level of consumption," Lissovolik said. Another reason for the steady growth is lack of competition. Pinkberry is the first frozen yogurt venue with a sit-down cafe format in Moscow. Redberry and Freshberry serve products similar to Pinkberry, but they are kiosks in shopping centers and cinemas. Although there are some kiosks where doughnuts can be purchased, Dunkin Donuts is the only chain coffee shop that focuses on the fried delights. The ruble's increasing value makes Russia more attractive for foreign companies because of higher profit margins, Lissovolik said. Pinkberry will open another store in Moskva-City in late spring at Afimall, also known as the Mall of Russia. To attract clients, the chain will market their brand via social networks, like many other companies reaching out to Russia's growing population of Internet users. "The Moscow consumer is sophisticated," Graves said. The continued presence of these chains on the market will contribute to better quality of food and lower prices because there will be more competition, Lissovolik said. Moneks Trading — a franchise company that represents U.S. and British brands that include The Body Shop, Mothercare, Payless and M.A.C — is Pinkberry's partner for the Moscow rollout. Moneks is also the joint-venture partner for Starbucks in Russia. Pinkberry has 113 stores, mostly in the United States and the Middle East. The chain is starting to expand to other locations. The next location will be Istanbul, and later Europe and Asia, Graves said, but declined to give specific details.

Source: The Moscow Times

East of Chicago Pizza Plans Midwest Expansion

Lima, Ohio-based East of Chicago Pizza has announced expansion plans in markets throughout Ohio, Indiana and Kentucky. Specifically, the company will increase its presence in Cleveland, Akron and Canton, Ohio, where it already has a footprint. Additionally, East of Chicago will explore new developments in Indianapolis and Lexington,

Ky. “We’re seeing a strong demand for our pizzas, especially for our signature pan pizza,” said Tony Collins, EOC president. “What we’re hearing from our franchise owners is that they’re seeing a lot of new customers who enjoy a particular style pizza and once they find out they can get a great pizza from us that satisfies their specific tastes, they’re hooked.” EOC specializes in five styles of pizzas, including its signature pan crust, New York-style hand-tossed thin crust, thin and crispy crust, new extra large square crust and Chicago-style crust. EOC tops them all with its proprietary cheese blend. The diverse menu will help drive the company’s growth, Collins said. EOC also is extending store design models, providing new franchisees opportunities to select the concept that best fits their market. “In metro areas the delivery-carryout model works great, but sometimes in downtown areas or in smaller towns, the dine-in model might be the better choice,” Collins said. “By giving franchisees concept options their opportunities to succeed soar. Plus operationally we’ve always been strong in both dine-in and delco systems and new franchisees will benefit from our experience and direction either way.” Heading the development with Collins is Mike Williams, vice president of operations, a 16-year EOC veteran and former Marco’s marketing executive, and Steve Dartt, recently named director of development.

Source: PizzaMarketPlace.com

Five Guys Sales Jump 38 Percent

Burger chain Five Guys Burgers and Fries posted the biggest annual increase in sales among all major chains last year, up 38 percent from 2009. Five Guys started with one location in Arlington, Va. in 1986. There are now more than 750 stores in 40 states and Canada, including five in the Albany, N.Y., area. Restaurant consulting firm Technomic Inc. says the overall sales growth rate among the 500 largest chains was 1.8 percent. The top 500 chains had 2010 sales of \$234 billion, up more than \$4 billion from 2009. Pizza, doughnut and coffee outlets had strong 2010 gains, with Starbucks sales up 8.7 percent, Dunkin Donuts sales rising 6.1 percent and Pizza hut sales up 7.8 percent. Mexican was the top category in fast casual dining, with sales up 20.7 percent at Chipotle Mexican Grill. The biggest improvement came in the Steak restaurant category, recovering from a 6.4 percent drop in sales in 2009 to a 2.2 percent gain last year. The 10 fastest growing chains, with sales over \$200 million, according to Technomic: 1. Five Guys Burgers and Fries \$625 million up 38 percent; 2. Jimmy Johns Gourmet Sandwich Shop \$735 million up 22 percent; 3. Chipotle Mexican Grill \$1.83 billion up 21 percent; 4. BJ’s Restaurant and Brewhouse \$514 million up 20 percent; 5. Yard House \$216 million up 18 percent; 6. Cheddar’s Casual Café \$309 million up 14 percent; 7. Buffalo Wild Wings Grill & Bar \$1.7 billion up 14 percent; 8. Firehouse Subs \$235 million up 14 percent; 9. Noodles & Company \$261 million up 14 percent; 10. Panda Express \$7.8 billion up 18 percent.

Source: The Business Review

Investment firm offers \$5.2 million for Charlie Brown's Steakhouses

A New York investment company has offered to pay \$5.2 million to purchase all 20 Charlie Brown's Steakhouses including 17 in New Jersey from the restaurant's bankrupt parent company, officials said recently. The bid by an affiliate of Praesidian Capital Opportunity Fund II-A LP appears to be the starting point in an auction scheduled for April 6. If Praesidian is the winning bidder, it isn't clear what its plans are. The company declined to comment. The developments come four months after Mountainside-based CB Holdings Corp. filed for Chapter 11 bankruptcy, saying it was burdened by too much debt and a sluggish economy. The company's financial plight last November forced it to close more than two dozen Charlie Brown's Steakhouses in New Jersey, New York and Pennsylvania.

Source: CourierPostOnline.com (NJ)

Chick-fil-A Testing Green Concepts in Texas

Chick-fil-A says its newest restaurant in Texas is a laboratory for environmental innovations that could pop up in other locations. The 4,617 square-foot restaurant in Fort Worth would be the first Chick-fil-A restaurant designed to the standards of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program. Executives at the College Park fast food chain say they want the restaurant to be a testing ground for

various sustainability efforts. The company plans to open more than 75 restaurants this year, but says it won't know which sustainability measures will appear in new restaurants until it observes the pilot project in Texas. The Fort Worth restaurant has low-flow fixtures in restrooms and the kitchen. A cistern the size of a swimming pool will collect rainwater to irrigate plants and landscaping, a step Chick-fil-A says will cut water usage by 40 percent. Skylights and energy-efficient appliances are expected to slice energy usage by 14 percent. About 20 percent of the restaurant's building material budget was spent on products with recycled content, and more than half of construction waste was diverted from the landfill. The restaurant is projected to have 30 percent more fresh air than typical buildings. The restaurant is about 15 percent more expensive to build than a standard unit, said David Farmer, vice president of innovation and service. The added expense should pay off in higher efficiency, he said. "There's no question, this will change how we build stores going forward," Farmer said. The company plans to send crews out to hundreds of restaurants to replace lighting and water fixtures with higher-efficiency models. That step could yield thousands of dollars in savings each year for operators, Farmer said. Chick-fil-A also is considering replacing its bleached-white napkins with brown versions that would require less processing and energy to make.

Source: The Atlanta Journal-Constitution



Urban Flats Files for Bankruptcy but Stores Open

Urban Flats (Orlando) LLC has filed for Chapter 7 bankruptcy in federal court, but some restaurants remain open. Lori Shew, a former vice president at Urban Flats who resigned late last year, said she now independently owns the downtown Orlando Urban Flats so her restaurant is not affected by the bankruptcy. Shew, who heads up the new Pine 22 restaurant in downtown Orlando, founded a company called Church Street Flats last month at the same address as Urban Flats. Urban Flats owner Suzanne Bonham could not be reached for comment. In its court filing, Urban Flats listed estimated assets of \$0 to \$50,000 and estimated liabilities of \$1 million to \$10 million. Employees at Urban Flats' other Central Florida restaurants in Winter Garden and the Villages said the stores are independently owned and will not close. "We're a franchise, and as far as I know we're continuing operating," said David Downs, who owns the restaurant in Winter Garden. Downs said he had not known about the bankruptcy until a customer called about it. Urban Flats has stores around the state and one in Tennessee. But it has closed several restaurants, including Dr. Phillips and Waterford Lakes in recent months. More than a year ago, Urban Flats closed its Winter Park restaurant, saying it was going to move to Park Avenue, but that never happened. Urban Flats Orlando LLC and Bonham were sued in circuit court last year by Manny Garcia, another well-known restaurateur in Central Florida. Garcia said in the lawsuit Bonham owed him \$200,000 plus interest. The case is pending. Garcia said in the lawsuit the company was set up "for the supposed purpose of carrying out restaurant franchisor operations" but "was deliberately set up to defraud and mislead creditors, potential creditors, investors and potential investors, such as the plaintiff." Garcia could not be reached for comment. Urban Flats was started about six years ago by Bonham, who worked for 10 years with Disney in the food and beverage department, helping open restaurants for Disney in Europe and on Disney cruises. She traveled to South Africa to develop a South African wine list for Disney. About a year after opening, Bonham said she was in talks with franchise operators about expanding, planning for South Florida restaurants and "gearing up to roll this thing out nationally."

Source: OrlandoSentinel.com



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Seattle's Best Steamed about Borders Store Closures

Starbucks Corp.'s Seattle's Best Coffee unit said Borders Group Inc.'s plans to reject store leases and abandon property could damage the java seller's brand name and expose its trade secrets. Seattle's Best lodged a protest to the book retailer's move to close about 200 stores with the U.S. Bankruptcy Court in Manhattan because the plan doesn't properly address how the Seattle's Best cafés that operated in most of those Borders locations will be dealt with. Seattle's Best said its "interests will be materially affected by the closing" of Borders stores and it "may need to take steps to protect those interests, particularly with respect to its trademarks, trade dress, and trade secrets." The coffee company didn't specify the nature of those trade secrets—perhaps how to whip up the perfect latte? But it did say that it provided training and "proprietary information" to the Borders employees who worked the cafés so that Seattle's Best "beverages are prepared in accordance with SBC trade secrets." Seattle's Best also fretted in court papers about the fate of everything from coffee cups to espresso machines that bear its logo and may be left behind in soon-to-be-dark stores. For example, landlords who receive back the closed stores once the Borders' leases are broken "should not be authorized to continue operation of a café in a current location using SBC trademarks and processes," Seattle's Best said. Borders spokeswoman Mary Davis said the company "is committed to working with its vendors," but declined to specifically comment on Seattle's Best's objection. The Ann Arbor, Mich., bookseller filed for Chapter 11 bankruptcy last month with plans to start shutting down 200 of its 642 stores. In addition to Borders locations, Starbucks serves up Seattle's Best-branded beverages in such locations as Subway restaurants, AMC Entertainment Inc. movie theaters and aboard Delta Air Lines planes.

Source: The Wall Street Journal

Domino's Pizza Opens First Store In Poland

Ann Arbor, Michigan-headquartered pizza delivery company Domino's Pizza Inc. said it has opened its first store in Poland, at the Mokotow district of Warsaw. DP Polska SA is the Master Franchisee for Poland and is wholly owned by DP Poland plc. Peter Shaw, chief executive of DP Poland, said, "We have now taken our first step in realizing our vision to transform the pizza delivery market in Poland, Europe's sixth largest economy." Domino's Pizza now operates in 70 markets worldwide, with nearly half of its global retail sales coming from international stores, generating roughly a third of its operating income.

Source: RTTNews

Steakhouse Angelo & Maxie's Files for Chapter 11

Angelo & Maxie's, a sumptuous name on the New York steakhouse scene, has filed to reorganize under bankruptcy protection, a sign that Manhattan's dining business has been about as chilly as the wintry weather. No, really. The restaurant's attorney placed heavy blame for the Park Avenue establishment's financial woes on a series of snowstorms that combined to make it the snowiest January in the city's history. "The weather really got us," said attorney Robert Rattet, who noted that he still has a pile of snow sitting at the bottom of his driveway located in the city's northern outskirts. He said customers didn't dare brave the cold—not even for the restaurant's \$34.50 13 oz. Filet Mignon au Poivre—while the weather-related logistics threw off the establishment's usual operating routine. Preexisting economic conditions, leading most noticeably to a smaller business lunch crowd, made the restaurant's

financial situation tenuous to begin with, Rattet said. The steakhouse will remain open while its owners whip up a new recipe for financial success. "We're planning on turning the business around," Rattet said. The company, formally Angie & Maxie's LLC on its official Chapter 11 bankruptcy petition filed Monday, estimated its worth at less than \$1 million but said it owes creditors between \$1 million and \$10 million.

Source: The Wall Street Journal

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