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Not Necessarily Into The Lifestyle

The product of choice for retail developers is now the lifestyle center, but not all restaurant brands are buying into this development way of life. **Dippin' Dots Inc.** and **Foster's Grille** focus on lifestyle centers as a place for their concepts to thrive, whereas **Original Pancake House** and **Tijuana Flats** (TFs) think just the opposite. Look for 50 new units from Dippin' Dots in major metropolitan lifestyle centers. Foster's is new to the lifestyle game and bets on the East Coast and South for eight units this year and up to 100 in the next five years. Original Pancake House plans three to seven new units and stays close to rooftops for its breakfast daypart. TFs is bullish in Florida with 14 to 18 new units sticking to grocery-anchored centers.

No longer a trend, open air, streetscape lifestyle centers are now many retail developers' livelihood. In 2003, there were only 58 lifestyle centers in the U.S. versus 1,182 enclosed malls and insiders were counting on 10 lifestyle projects for the next 12 months. Flash-forward to today, and the landscape shows the majority of enclosed malls are being torn down to make way for lifestyle centers or will be converted into them. The paradigm shift is a benefit to restaurant concepts as they are a close second to women's apparel in tenant representation at lifestyles centers and are way ahead of third-place family apparel retailers. Increased tenant representation for restaurants supports the notion that lifestyle centers are conceived not only as shopping destinations but also as dining havens for customers. Developers now want even more restaurants in the tenant mix.

Lifestyle centers provide all-day traffic, entertainment components and shopping that bring in hungry consumers. Even better, they are set up so that consumers park their car and do not have to leave the center all day until their shopping, entertainment and eating needs are fulfilled. This should be a restaurant execs dream. Right? But, while concepts such as Dippin' Dots and Foster's Grille flock to lifestyle centers, high rents, lack of morning traffic and stiff competition keep some brands like Original Pancake House and TFs out of these locations. Lifestyle centers scare Tijuana Flats Director of Development **Patrick Fore** because the concept is not a destination but more of a convenience.

Dippin' Dots works best in high-traffic lifestyle centers because of the amount of teen-driven retailers, entertainment components and other restaurant concepts, which are the perfect neighbors for an ice cream shop. These centers also have plenty of traffic after lunch until 10 p.m., which are the best dayparts for the concept. With 310 permanent locations along with event kiosks, Dippin' looks to add 50 units to its portfolio each year throughout the U.S. Target markets include Boston, Philadelphia, San Antonio, Dallas, New York, Seattle, San Diego, San Francisco, Denver and Washington, D.C. Storefront units are around 1,000 s.f. and average checks are \$7. Multi-unit franchisees opening one to two units per year are preferred. The initial franchisee fee is \$12.5K and \$10K for additional locations. The amount to open one unit ranges from \$80K to \$235K depending on the size and location. Signature flavors for the novelty ice cream concept include: *Horchata*, *S'Mores*, as well as sherbert and flavored ice. Look for a new product called *Dots' N' Cream*, which infuses ice cream with Dippin' Dots to freeze it from the inside out for a creamier texture.

Expect to see more Foster's Grilles going into lifestyle centers as the burger concept is just beginning to get on board with these locations. VP of Franchise Development **Tom Palazzo** likes the all-day traffic and family friendly atmosphere of the lifestyle center and prefers locations near a bookstore or movie theatre. The 22-unit fast-casual burger concept will add eight more units this year in Fairfax and Stafford, Va., Long Island, N.Y., Suwanee, Ga., Tallahassee, Jacksonville and Fort Myers, Fla., as well as a five-year agreement with franchisee **FranPoint Partners** to develop 100 units in 13 states. Units are 2,400 s.f. to 3,000 s.f. and include a video game area for kids. AUVs are between \$600K to \$700K with average checks around \$10. Dinner makes up 60% of sales and 90% of the business is dine-in customers. Single- and multi-unit franchisees are welcomed with a franchise fee of \$35K and 5% royalties. Initial cost to open one unit is around \$350K to \$450K depending on the size.

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Foster's works with local lenders in Virginia and Maryland but is in talks with **CIT Group** to help with funding. The best-selling items are the half-pound *Charburger* and hand-cut French fries. Palazzo believes fast-causal concepts like Foster's will be successful because a lower check and large portions are perfect for people seeking an alternative to fast food, but do not have the money for fine dining.

Original Pancake House will not be entering lifestyle centers anytime soon because of the lack of breakfast traffic, which is the concept's sweet spot. Freestanding, inline or endcaps close to rooftops work best for the restaurant because most locations only stay open until early afternoon. Look for to the company add three to seven new units to its 110-unit portfolio this year including King of Prussia, Pa., Columbus, Ohio, and Houston. Units run 3,000 s.f. to 5,500 s.f. with seating for around 120 guests. General Council and Corporate Chef **John Liss** focuses on multi-unit franchisees from now on and franchise fees are \$60K with 2% royalties. Initial amount to open one unit is around \$850K, and even though lending is tougher than in the past, Liss has not seen a problem with his franchisees getting SBA loans. Liss views Original Pancake House as a recession-proof brand, because even during bad economic times the stores still see increased sales across the board. Consumers are choosing a nice family breakfast out over dinner. Signature items are the *Dutch Baby* and *Apple Pancake*. Also look for a gluten-free buttermilk pancake to come to the menu at some restaurants.

Instead of lifestyle centers TFs Fore looks for neighborhood centers with a Whole Foods, Fresh Market or Publix Super Markets anchor and relies on rooftops to push dinner sales. Also, with big companies such as Starbucks abandoning leases, Fore is focusing on picking up those types of sites at a better value. Look for 14 to 18 new TFs in the pipeline for the rest of the year in Palm Beach, Tampa, St. Petersburg, Tallahassee and throughout Southeast Florida. Units for the hybrid-casual Mexican concept run 1,800 s.f. to 2,200 s.f. with patios. AUVs for the 62-unit company are just over \$1M, with average checks at \$8 to \$9 for lunch and \$11 to \$13 for dinner. TFs gets funding through corporate store cash flow and private JVs with small silent investors. TFs just launched an online ordering program and is not looking for new franchisees at this time in order to maximize brand quality and efficiency.

Aloha To Fast Casual Barbecue

The Hawaiian barbecue segment heats up and attracts consumers with value pricing and healthy grilled meats. **Ono Hawaiian BBQ** will open five more units this year with plans for at least eight units in 2009. The company will target the Southwest with units in the works for California and Arizona. The leader of the segment with 185 units **L&L Hawaiian Barbecue** plans to open an additional 10 units this year with eight in the U.S. Expect to see much of the growth in Texas. Watch for 27-unit **Ohana Hawaiian BBQ** to cash in on a spin-off concept intended for franchising: **Alohana Hawaiian Grill**. The new concept will keep a similar menu and décor with minor updates. Watch for two units to come on line this year.

A menu with a wide variety of grilled meats and floor plans that garner strong ROIs can make the Hawaiian barbecue arena a growing force — if the companies can reel in customers wary of the unfamiliar cuisine. These concepts have not made many inroads outside of California, save for a small number of units in Texas and Arizona. In order to achieve strong penetration, they will need to get customers to try their cuisine, which at first seems foreign but is made up of staples that most Americans eat, except for Spam of course. Typical menu items include barbecued/teriyaki pork, chicken, ribs and beef, paired with rice or macaroni salad, which don't require an adventurous palate. Traditional items include beef curry, fried mahi mahi, sushi and Spam along with other traditional Hawaiian sides. With menu items that are healthy and more in tune with American's eating habits than one might think, Hawaiian barbecue should expand widely once Ono, L&L and Alohana can get customers in to just try it.

Watch for Ono units to pop up in SoCal, including Los Angeles and Compton, as well as NoCal and Phoenix. Expect the company to follow the QSR trend of creating meal deals to provide a better value and pull in wallet-conscience consumers. Ono does a 50/50 split between lunch and dinner and checks average \$7.50 and \$8.50, respectively. Ideal locations are a mix of 1,500-s.f. to 2,000-s.f. inline and end cap units on outparcel pads in power, grocery-anchored and community centers. Ono likes to be near other fast-casual concepts in the restaurant section of strip centers and good neighbors include Jamba Juice and coffee concepts. Regional Manager **Joshua Liang** also notices a significant increase in food and labor costs, but expects to push through the soft economy. The company works with **Wells Fargo** for lending needs. Keep an eye on Ono's spin-off frozen yogurt concept, **Nubi Yogurt**, to expand and open its third unit this month in San Gabriel, Calif. The self-serve concept features up to 17 flavors and 40 toppings with an average check around \$3.50.

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L&L fills out existing markets this year while focusing on Texas for much of its growth. Expect to see the company targeting 1,500-s.f. inline and end cap units in power centers with big-box tenants like Wal-Mart and Target. Buildout ranges from \$300K to \$400K for new units. Potential franchisees include first-time restaurant owners and experienced operators. An average check is about \$8, and L&L's signature item is the *Loco Moco*, consisting of hamburger patties placed over rice, covered with brown gravy and topped with two eggs covered in teriyaki sauce. L&L uses several lenders including **Comerica** for financing.

Alohana's first two franchised units are up and running and two more are in the pipeline for NoCal by year's end. President **Steven Fung** remains wary of the unstable commodity prices. His wariness manifests itself in Alohana's modest expansion for this year. Fung plans to ride out the year with only a few openings while watching to see how the economy plays out. The company created Alohana as Ohana's franchise vehicle because not all of the owners of Ohana wanted to get involved in franchising. Alohana's, whose name is made up from two words — Aloha and Ohana — looks for single-unit franchisees in California and multi-unit operators with experience for new states. Ideal units are in power and grocery-anchored centers and co-tenants are an important part of site selection. Other fast-casual concepts like Baja Fresh and Panda Express create favorable synergy. An average initial investment ranges from \$300K to \$400K. An average check is \$12.50.

SSS Drops Push New Game Plans

Low SSS figures have **P.F. Chang's China Bistro Inc.** and **Krispy Kreme Donuts** looking to boost traffic, while keeping up with this year's outlined expansion plans. P.F. Chang's ended Q1 2008 with SSS down 2.4%, so it develops a new operations initiatives and institutes menu changes to drive traffic. Expect 17 **P.F. Chang's China Bistros** and 25 **Pei Wei Asian Diners** openings for the year. Krispy Kreme strives to be the indulgence of choice, pushing franchising and starting plans to scale down its prototype. But, with SSS for Q4 2008 down 4.7% will these changes be enough? Look for 170 new units this year.

Declines in SSS are happening across the board from QSRs like Krispy Kreme to upscale-casual dining like P.F. Chang's. Both companies focus on bringing those numbers up, while dealing with rising commodity costs and diving traffic counts. Customers are paying more for gas and food causing overall household expenses to go up. Dining out is now considered a treat and consumers are backing off buying indulgences like donuts or a going out for a higher-price meal. P.F. Chang's Chairman and CEO **Rick Federico** believes we have not seen the bottom of the bad economic cycle and expects it will continue into next year. Krispy Kreme's President and CEO **Jim Morgan**'s plan is to reduce the company store footprint, discontinue corporate growth and sell corporate stores to franchisees, as well as change the model to a smaller satellite store.

Although Q1 results were better than originally forecast, P.F. Chang's saw SSS drop for the quarter. Total revenue was up 17% to \$309M, with P.F. Chang's China Bistro up 14% and Pei Wei Asian Diner up 28%. The company owns and operates 177-full service Bistros and intends to open 17 more during FY 2008. Five Bistros came on board in Q1 with another five slated for Q2, two in Q3 and five for Q4. The Bistro did introduce lunch bowls and began advertising the new grill menu in the Los Angeles market last quarter and expect to keep testing both in Q2. New stores that haven't gained market penetration and new menu item trials could be responsible for some of the dip in SSS, but larger initiatives show that company is addressing an ongoing trend. P.F. Chang's will begin a system-wide rollout this summer of a key operation initiative including simplifying the menu, reducing prep labor, redefining manager roles, more effective use of key employees and changing how they staff the restaurants. This initiative should improve ticket times, food costs and customer service therefore improving profitability and raise SSS. Look for more menu modifications in late July or early August mostly with the grill menu.

P.F. Chang's owns 155 quick-casual Pei Weis and anticipates 25 more during FY 2008, 11 of which were on board by end of Q1. Pei Wei saw a 2% to 2.5% price increase during the quarter. Anticipate modest development for Pei Wei in 2009, as Federico is more cautious with leases with five to seven signed in markets where the company already has a strong position. The company ended the quarter with \$58.7M still available on \$80M revolving line of credit. Debt payments included \$8M toward long-term debt and \$5M on the revolver. Average weekly sales were just under \$41K for Q1.

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SSS Drops Push New Game Plans...

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Krispy Kreme's systemwide SSS fell 4.7% for Q4 and 3.8% FYE 2008. Revenues for the quarter fell slightly to \$111M down from \$112M in Q4 2007, and full year revenues were down 7% to \$429M down from \$461M for FYE 2007. These dropping figures are just another dip for the long-maligned company. New President and CEO and former Chairman Morgan has a plan to move the chain away from corporate units and large factory stores. Morgan is now committing Krispy Kreme to being a world-class franchisor with a limited company footprint as the concept prepares to rebrand many stores that lay outside of the Southeast corporate market. To bring in more franchisees, Morgan will reduce franchisee obligations from over \$70M to less than \$15M. The company is also changing its model from a large factory store to a smaller more economic model that brings the signature products closer to consumers. Morgan also will slowly grow the total number of stores worldwide, so expect 50 international locations to come this year, as well as more branded products available at retail locations to help drive sales.

Seventy five percent of Krispy Kreme's 449 units are franchised and franchisees have committed to open over 170 additional stores this year. Look for these new stores to be satellite locations, which are smaller and simpler than traditional factory stores. The company recently obtained amendments to its secured credit facility. The outstanding balance of the term loan is \$76.1M and outstanding letters of credit were \$20.3M. The revolving facility was reduced from \$50M to \$30M. The company works with a division of **Credit Suisse**.

Sights Set On The Sunshine State

Fruits Smoothies, **Firehouse Subs** and **JuiceBlendz International** look to Florida for expansion this year. Fruits inks a multi-unit deal for 12 to 15 units in Florida and a couple of other multi-unit deals in California. Florida-based Firehouse Subs enters Miami-Dade County with a deal for 26 franchise units in the market over the next five years. Look for the 11-unit JuiceBlendz to add 33 new locations exclusively in the Sunshine State by 2009.

Florida is attractive to all types of concepts due to its favorable population growth rate, transient population from tourism and a diverse offering of supporting industries and businesses. Add that to warm weather and you have a year-round market with minimal seasonal issues compared to other regions with more seasons. The housing bust hit some markets in Florida hard but residents and the business community are hopeful that it will level out soon. These concepts are even finding better real estate deals in the soft economy. And in a state filled with retirees it's no surprise to find that smoothies and subs create a soft and easy-to-eat meal making them a hit there.

Fruits Chairman of the Board and former President **Chris Cavallo** signs on as the Florida franchisee and plans to get all units open by the end of 2009. Fruits operates 32 units and hopes to get up to 40 additional locations this year. The overall pipeline contains an additional 72 signed franchise agreements for 2009. The fast-casual concept is known for its grilled wraps and signature smoothies including the *Screaming Bull* that incorporates *Red Bull* energy drink. Ideal units are around 1,200 s.f. to 1,600 s.f. Fruits' average check is between \$9 and \$10. Franchise fees are \$25K with 6% royalties and an average initial investment is about \$180K. The company also inks a deal for up to 15 in Los Angeles County and eight in San Bernardino County, Calif. Watch for Los Angeles Area Developer **Eric Myers** to open three units this year and up to 15 by the end of 2009. **Daryl Williams** and **Richard Miller** plan to open two units in San Bernardino this year and an additional six are scheduled for next year.

Firehouse Subs Area Developer **Ted Tallman** leads the brand's expansion into the new territory by operating one to five stores himself and signing on franchisees for the rest. Tallman already operates 61 Firehouse franchises in the Florida. The company was founded in Jacksonville, Fla., and the state has always been important to the company's performance and will be a continued spot for future growth. Of the 320 units, 126 are in the Sunshine State. Ideal franchisees should be able to put down around 50% of the initial investment and one of the most commonly used lenders is **CIT Group**. AUVs are upwards of \$600K, and provide a good return on a \$200K to \$386K average initial investment. COO **Don Fox** looks for Class-A sites that range from 1,700 s.f. to 1,800 s.f. and lifestyle centers work well. An average check is about \$9.50 and units do a 50/50 split of dine in vs. takeout.

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South Florida-based JuiceBlendz just opened two new units in Fort Myers and Fort Lauderdale and expect 10 more from the QSR coming on board by the end of the year throughout Florida, including Tampa and Orlando. Founder and CEO **Adam Ogden** keeps growth within state lines for the time being to better support franchisees and keep brand standards tight and consistent. Ogden also likes the ability to focus marketing dollars on raising the brand's profile in a state well known as a smoothie-saturated market. It might help that one of JuiceBlendz's main equity investors is the **Jason Taylor** of the NFL's Miami Dolphins, who provides the capital for the company along with private investors. JuiceBlendz offers a variety of sandwiches, salads, breakfast bagels and wraps made on-site, and an average checks runs \$8. Average units run 1,200 s.f. to 1,500 s.f., with non-traditional units around 100 s.f. The concept is strictly a franchise-owned company with a franchise fee of \$50K and \$100K to \$319K to open one unit.

QSRs Cash In On Conversions

Church's Chicken and **Roy Rogers Restaurants** use conversions and retrofits to lower development costs and raise ROIs. Watch for Church's to open 60 to 70 units in the U.S. this year with an additional 70 to 80 units anticipated internationally. The company will accelerate growth and focus on filling in existing markets. Church's presence is found in about 100 markets and the company wants to take advantage of brand awareness with additional units. Roy Rogers gets back into the franchising game with two units in the works for this year. Expect to see both units in the Greater Washington, D.C., market with one intended for Virginia and one for Maryland.

With commodities, gas and labor prices rising daily, concepts need to find ways to combat inflation and raise ROIs. Conversions are a great way to save on buildout costs. Normally only minor updates and décor packages are needed to convert the existing shell into the new brand. Costs can be cut in half if not more because the expensive, labor-intensive parts of the construction process are already done. On the flip side, it can take more creativity to fit the new concept into the shell. Most of the time, the conversion will not look exactly like the prototype and will visually differ somewhat from other new builds of the same brand. Conversions are an especially great fit for QSR concepts because in most cases an interior layout is less important than a freestanding pad with a drive-thru.

Expect Church's to use conversions for 28 units this year, nearly half of 2008's pipeline. Long-term developments plans target one-third of all future units to be conversions with the rest coming from freestanding, inline and convenience store locations. Franchisees usually save \$200K to \$350K on a conversion unit as opposed to new construction. Typical unit size is 1,700 s.f., but a 1,200-s.f. model is the design phases. The 1,200-unit company will focus on Philadelphia, Seattle, Denver, Houston and McAllen, Texas, for expansion this year. The company will also launch a modular prototype that consists of two trailers constructed off site and dropped on the pad. It just needs to be connected to utilities and the unit is ready for business. The modular prototype is extremely attractive for three key reasons: it only needs to be permitted once, can be dropped on numerous sites saving lots of time and because its mobile, depreciation is accelerated saving the owner on taxes. EVP and Chief Franchise Officer **Doug Pendergast** looks for multi-unit franchisees that will sign on for at least three units. Previous QSR experience with multiple brands and existing relationships with local banks is a plus. An average initial investment for a new build ranges from \$610K to \$1.1M. Church's works with **Irwin Franchise Finance** for lending needs. An average check is \$7 to \$8 that varies by location.

Roy Rogers jumps back into the QSR segment this year and gets it feet wet with two units, including a Maryland location that will be a conversion. In the Washington, D.C., market where new management targets growth, new pad sites are tougher to come by so conversion may make up the bulk of expansion there. The good news is costly site work is taken care of on conversions and Franchisee and new Co-President **Jim Plamondon** estimates that conversions can save roughly 30% to 40% on initial investment costs. Plamondon purchased the company in 2002 from Imasco LTD creating Roy Rogers Franchise Company LLC and has the concept on the rise again. The company was once operated 650 units but is now down to 52. Plamondon envisions slow and steady growth through freestanding units that range from 2,700 s.f. to 3,200 s.f. The concept's menu features it's Holy Trio: fried chicken, burgers and its signature roast beef, and an average check is about \$7. Plamondon recognizes that multi-unit franchisees would be the best way to rebuild the brand, and an average initial investment to open a new build unit is around \$1.25M. The company works with **PNC Bank** for financing needs.

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Price Point Options Fuel Expansion

Bravo! Development Inc. (BDI) and **Bice Restaurant Holding** (BRH) capitalize on numerous high-end concepts and several price points to push through the casual dining slump. BDI's pipeline includes 14 units of which half will be **Bravo Cucina Italiana** and half **Brio Tuscan Grille**. BR will add a total of eight U.S. locations this year that will be a mix of the company's signature **Bice** concept, **Bice Bistro** and **Café Med**. Watch for growth in Arizona, California, Florida, Maryland and Chicago.

The U.S.'s higher income bracket rides out the recession with little effect on daily living. These tiers keep demand high for the fine dining and upscale casual concepts that BDI and BRH provide. Lifestyle centers will continue to be a great fit for both companies. The high-end retail that encompasses that real estate product provides great synergy for the consumers that frequent these Italian concepts. On the other end of the spectrum with food and fuel prices on the rise, many typical U.S. consumers will find they either need to trade down to lower priced dining or save the higher-end concepts for special occasions. BDI and BRH provide concepts with lower price points allowing consumers to trade down a little but still enjoy a similar concept and upscale experience. The last thing to keep in mind is that consumers still crave a fine dining experience for special occasions, which keeps Brio Tuscan Grille and Bice's revenues up.

Expect to see BDI's signature concept Bravo popping up in Akron, Ohio; Indianapolis; Orlando, Fla.; Fairlane, Mich., and Baton Rouge, La., this year. The 68-unit company already inked 10 commitments for both concepts next year and odds are will open up to 15 units by the end of 2009. BDI will open Brio Tuscan Grille units in Evanston, Ill.; Raleigh, N.C.; Greenwood, Ind.; Annapolis, Md., and Colorado this year. Co-Founders and brothers **Rick** and **Chris Doody** started Bravo in 1992 in an effort to give diners variety along with something adventurous. Corporate growth is BDI's focus, and both concepts can open in the same market and win over their own loyal following. Rick Doody likes lifestyle centers for both concepts because it gives customers waiting more than an hour on weekends something to do while waiting. BDI uses a \$25M revolving line of credit, internal cash flow and tenant landlord allowances to fund growth. The company uses **Bank of America** and **Wachovia** as its lead banks. P.F. Chang's, Houston's, The Cheesecake Factory, McCormick & Schmick's and steakhouses like Capital Grille all are great neighbors and pull in a similar demographic. BDI has seen positive SSS for 11 out of the last 12 months, and positive guest counts for 10 out of the past 12 months.

An average check at Bravo is \$18.50 and the company aims to attract a diner with a palate for Italian cuisine who is looking for an upscale dining experience. Although BDI looks for units around 6,500 s.f. to 8,000 s.f., Rick Doody wants locations to be individual and unique, and not fall into the monotonous lump of casual dining. The menu features pasta, pizza, salads, seafood and steaks. Buildout for one unit ranges from \$2.5M to \$3.5M and is justified with AUVs reaching over \$4M. Brio is BDI's higher-end grill concept that fuses an inside/outside bar with fountains and fire pits. Units normally run 7,000 s.f. to 9,500 s.f. Buildout for Brio ranges from \$3.5M to \$5M and radiates even higher AUVs at \$5.4M. The menu focuses on steaks and meats but also includes typical Italian red sauce standards. Entrees include *Gorgonzola Lamb Chops* and *Shrimp Arrabbiata Risotto* and help yield a higher check average that comes in at around \$27.

Bank on BRH to enter into three new markets this year: San Diego, Arizona and Maryland. Watch for Bice Bistro to pop up in Palm Beach Garden, Fla., Kansas City, Mo., and Glendale, Ariz. Expect to see a signature Bice in San Diego and a Café Med in both South Miami and Chicago. The company was started by President **Raffaele Ruggeri**'s grandmother Beatrice in Milan and has since grown to more than 50 units internationally. Ideal units for Bice and Bice Bistro range from 5,500 s.f. to 7,000 s.f., and lifestyle centers are a great fit because of the added foot traffic they provide. Ruggeri finds that retail developers normally come to them and BRH does not need to chase down units. Bice's fine-dining menu commands a \$55 average check at dinner, while Bice Bistro is still high end but somewhat more casual with a \$35 average check. Bice and Bice Bistro feature pasta, steaks and seafood with signature items like *Ossobuco di Vitello con Risotto allo Milanese*. BRH's most casual concept Café Med looks for units upwards of 4,000 s.f. The concept is an Italian Pizzeria that features pastas, pizzas, salads and some sandwiches. An average check for Café Med is \$15 at lunch and about \$25 at dinner.

BR funds growth through internal cash flow and uses **Mercantile Bank** for lending needs. The company will also enter into unions and partnerships with investors who wish to invest between 10% and 20% into a specific unit. BR does not franchise but will enter into licensing agreements for international locations, but requires the units to be operated and managed corporately.

Rib Concepts Trade Down

Casual dining concepts **Bono's Pit Bar-B-Q** and **Roma Corp.** roll out fast-casual and express units to get a piece of the quick-service action. Watch for Bono's new fast-casual concept, **Willie Jewell's Old School Bar-B-Q**, to use Bono's same family recipes. The first unit is anticipated to open this summer in Florida followed by markets underserved by fast-casual concepts. Roma Corp. will add 10 to 15 **Tony Roma's Express** units in the next 12 to 18 months. Watch for several units in Las Vegas, Florida and New York.

It's hard for any concept to resist the attraction of quick service and fast casual's lower buildout investments, labor costs and ease of operations. Luckily Bono's and Tony Roma's rely on ribs, a simple product that has proven itself as a core menu item and could do well in QSR and fast-casual service models. Bono's VP of Operations and Franchising **Josh Martino** believes that fast-casual barbecue is an underserved segment. Tony Roma's Express will walk the line between fast casual and QSR. Watch for Express units to fit into small inline units in malls, airports and food courts. Besides reaching a wider audience these new service models can tap into a higher frequency guest, which helps raise AUVs.

Bono's first Willie Jewell's unit comes on line this year and will be the company's primary growth vehicle for future expansion. Bono's plans to concentrate in the Southeast where it knows the market and Martino counts on higher frequency customers. The company will target specific markets where Bono's Pit Bar-B-Q has found success and also areas that have a lack of fast-casual concepts. Willie Jewell's is primed to work in even very rural areas. An ideal unit is 2,200 s.f. to 2,800 s.f. and power centers are ideal. An average check for Willie Jewell's will be about \$8 — about \$2 less than Bono's. Expect the company to target strong area developers with experience at first, but also entertain single-unit franchisees. Keep an eye on 24-unit Bono's to streamline its concept in order to focus on conversions and inline units.

Tony Roma's Express cuts costs with highly efficient designs and simplified operations. Look for the five-unit concept's design to further evolve as Tony Roma's strives to keep quality high while decreasing average check times. Ideal units range between 750 s.f. and 1,000 s.f. and bank on shared seating provided by the host development. Roma Corp. targets high traffic/volume malls and airports. The turnaround time for a ticket is less than two minutes and an average check is about \$6 to \$7, keeping the concept in line with fast casual and casual dining brands bringing their products to the QSR realm. AUVs are coming in at \$750K to \$1M. Growth will continue for Tony Roma's casual units. Don't be surprised to see 30 new full-service Tony Roma's this year as the company heads into new markets including, New York, Virginia, Illinois and Indiana.

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