



FOODSERVICE DIGEST

*Helping Executives
Stay Current on
Foodservice Industry News*

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AS I SEE IT...



We're In a Golden Age of Innovation

By Ron Paul, President

Although restaurants' same-store sales are trending up, these are not yet boom times. However, creative entrepreneurs are preparing for a coming resurgence by developing highly innovative niche concepts.

The nation is paying attention, as evidenced by NBC's new reality show, "America's Next Great Restaurant." Whereas previous restaurant reality shows focused on independents, this one highlights would-be chain developers vying for a financial stake from four industry luminaries—chef-restaurateurs Bobby Flay and Lorena Garcia, TV chef Curtis Stone and Chipotle founder and chairman Steve Ells. Ten entrepreneurs began the competition; the four proposals still standing at press time were a soul-food restaurant, a meatball concept, a Mediterranean eatery and one dealing in modern Indian cuisine.

We at Technomic are also noting this flowering of innovation. The most furious action is in the fast-casual subsegment, particularly "create-your-own" concepts where diners see what goes into their food and get it their way. Many of these concepts have highly focused menus, often specializing in a single menu item. Some of the most interesting:

- **Top That! Pizza** in Oklahoma, which highlights pizzas made in front of customers using locally sourced toppings and cheeses, baked and ready in less than five minutes.
- **How Do You Roll?** in Texas, a build-your-own-sushi concept offering fresh ingredients and an unpretentious atmosphere.
- **The Original Brooklyn Water Bagel**, now expanding from its Florida base to California. The prep area, visible to customers behind glass, features a replica of an old water tower, oversized pipes and an automated bagel machine. Longtime TV show host Larry King is a franchisee as well as the concept's spokesman.
- **The Original SoupMan**, a New York soup shop that parlayed notoriety on "Seinfeld" into a multi-state franchise system. It's shifted to a fast-casual soup-and-sandwich format with New York-themed décor.
- **City Barbecue**, an Ohio concept that has expanded to Kentucky. It offers barbecue from many cities and regions—Kansas City, St. Louis, Memphis, Texas and the Carolinas—in a minimalist fast-casual atmosphere.
- **Ruggles Green** in Houston, focusing on local sourcing, organic food and sustainability. The fast-casual concept offers items made with seasonal ingredients, served up in restaurants certified by the Green Restaurant Association.

- **Greenleaf Gourmet Chopshop** in Southern California, offering made-to-order chopped salads, sandwiches and soups from local and organic ingredients in a contemporary, eco-friendly fast-casual setting. Deliveries are done on bicycles and scooters.
- **Gott's Roadside** in California's Napa Valley, an upscale walk-up diner that showcases fresh ingredients, many sourced locally—including Napa wines.

AS I SEE IT, in spite of a tough economic environment and too many restaurants, the industry continues to demonstrate creativity and innovation. Savvy entrepreneurs know that this is the time to position new, fresh concepts for success in the coming decade.



Ron Paul is president of Technomic, Inc., a leading marketing and management consulting firm that has been serving the food industry since 1966.

Restaurant Chains

Argonne Capital Group LLC acquired 40 IHOP units from Quantum Management of Utah through affiliate Peak Restaurant Group LLC. Terms for the deal were not disclosed. The restaurants are located in seven Western states. Atlanta-based Argonne Capital's three IHOP affiliates, **Sunshine Restaurant Partners**, **ACG Texas** and Peak Restaurant Group, together operate or sub-franchise more than 250 units. Argonne Capital's portfolio also includes eight **Applebee's** restaurants in San Antonio, which are operated through affiliate **Neighborhood Restaurant Partners**, as well as the **Stevi B's** pizza buffet chain. (PR Newswire 3/29/11; Nation's Restaurant News Online 3/29/11)

Baja Fresh Mexican Grill announced the nationwide rollout of biodegradable, recycled and recyclable packaging as part of its Earth Fresh Initiative. All of the chain's restaurants now use eco-friendly packaging such as unbleached burrito wrappers made from 100% recycled material; unbleached paper bags made from a minimum of 70% post-consumer material; plastic to-go bags made from a minimum of 50% recycled material; and biodegradable plates. In addition, both the paper and plastic to-go bags are 100% recyclable. Baja Fresh started testing the eco-friendly packaging in late 2009. (Business Wire 3/22/11)

Brentwood Associates of Los Angeles acquired K-Mac Holdings Corp. from Olympus Partners for an undisclosed sum. Stamford, CT-based Olympus Partners teamed with management to acquire K-Mac in 2004. K-Mac is one of the nation's largest **Taco Bell** franchisees, operating more than 165 units located primarily in the Southwest. The company also operates more than 20 **KFC** and **Golden Corral** restaurants. Other restaurant companies in Brentwood Associates' portfolio include **Zoës Kitchen** as well as **Pacific Island Restaurants Inc.** of Honolulu, a **Yum! Brands** franchisee operating in Hawaii, Guam and Saipan. (QSRWeb Online 3/17/11; Nation's Restaurant News Online 3/17/11; Business Wire 3/18/11)

Burger King has parted ways with longtime ad agency Crispin Porter & Bogusky, which has handled lead creative for the chain for the last seven and a half years. The move follows a recent reorganization of Burger King's global brand management and operations, as well as its marketing structure in North America. Crispin Porter & Bogusky is a division of MDC Partners. (Advertising Age Online 3/18/11)

Burger King is refocusing its marketing strategy and store remodeling plans as it looks to reverse negative same-store sales trends. On the marketing side, the burger chain is widening its target demographic to include a broader set of consumers than the heavy users—males aged 18 to 35—is has traditionally courted. Burger King says that new marketing will target its average customers, a more diverse group.

New marketing spotlights signature products, flame-grilled cooking and guest customization. For its store remodeling program, Burger King has scrapped its ambitious 20/20 restaurant design, an ultra-modern but costly prototype unveiled in 2009. The chain is currently working on a new remodeling package that would require a much smaller investment from franchisees than the \$500,000 plus needed for 20/20 conversions. (*Miami Herald Online 4/7/11; QSRWeb Online 4/8/11*)

Burger King rolled out its new-recipe Chicken Tenders that feature a more standardized nugget shape and new seasoning for the breading. Burger King's previous chicken tenders were in the shape of a crown. A four-piece order of the new tenders is available for \$1 on the BK Value Menu. Suggested prices are \$1.99 for an eight piece and \$4.99 for a 20 piece. Accompanying sauces include Buffalo, barbecue, zesty, honey mustard, ranch, and sweet-and-sour. Burger King is supporting the rollout with separate TV campaigns targeting kids and adults. The chain is also sending out mailers with coupons good for a free four-piece order of the tenders with no purchase necessary. Social-media marketing includes a Facebook campaign to drive trial and awareness. (*Business Wire 3/28/11; Nation's Restaurant News Online 3/28/11*)

Caribou Coffee added mochas, lattes, tea lattes and blended drinks to its line of lower-calorie Northern Lite beverages. Each of the new beverages contains 40% fewer calories than the regular version of the same item. Selections include Hot Northern Lite Mocha, Northern Lite Caramel Cooler, Iced Northern Lite Latte and Northern Lite Vanilla White Chocolate Cooler. To encourage trial, Caribou Coffee is offering guests a "love it or we'll remake it" guarantee. (*Business Wire 4/11/11*)

Carl's Jr. and Hardee's launched a new line of lower-calorie Charbroiled Turkey Burgers. Each burger starts with a chargrilled quarter-pound turkey patty on a toasted wheat bun. A standard Turkey Burger with ketchup, mayonnaise, lettuce, red onion, tomato and pickles is available at both chains. Carl's Jr. is also offering Teriyaki Turkey Burger and Guacamole Turkey Burger versions. Hardee's varieties include Mushroom Swiss Turkey Burger and BBQ Ranch Turkey Burger. Each contains less than 500 calories. The two **CKE Restaurants** brands claim they are first fast-food chains to offer turkey burgers nationally. Carl's Jr. and Hardee's created the line in collaboration with the editors of *Men's Health* and the creators of the *Eat This, Not That* book series. (*Business Wire 3/22/11; USA Today 3/21/11*)

CB Restaurants Inc. acquired the 20-unit Charlie Brown's Steakhouse chain in a bankruptcy auction for \$9.5 million. CB Restaurants is a newly created affiliate of New York-based private equity firm Praesidian Capital Opportunity Fund III. Praesidian Capital has appointed co-investors Jim Burke and Brad Grow to oversee operations for Charlie Brown's. Burke and Grow currently own, operate or franchise 85 restaurants under several banners in 20 states. **CB Holding Corp.**, the former parent of Charlie Brown's, filed for Chapter 11 bankruptcy late last year, closing a number of its restaurants in the process. CB Holding Corp.'s other chains, **Bugaboo Creek Steak House** and **The Office Beer Bar & Grill**, were sold out of bankruptcy to separate buyers earlier this year. (*Asbury Park Press Online 4/7/11; Business Wire 4/11/11*)

Charley's Grilled Subs plans to launch six new-concept stores dubbed Charley's Philly Steaks in the central Ohio area. The new concept is focused primarily on Philly cheese steak sandwiches and will operate mostly out of freestanding buildings with drive-thrus. Typically, Charley's Grilled Subs units are located in malls and nontraditional venues such as airports and military bases. The first Charley's Philly Subs is slated to open in late April in Chillicothe. Following a testing phase of the six units, Charley's intends to grow the cheese steak concept as it continues expansion of its flagship grilled subs brand. (*Columbus Dispatch Online 4/9/11*)

Chipotle Mexican Grill Inc. has selected ad firm Rokkan to handle several digital marketing and brand awareness initiatives this year. The New York-based agency is tasked with helping Chipotle develop and execute its digital marketing strategy, including the chain's online sales, customer-service infrastructure, local-store marketing, and out-of-store ordering for online and mobile platforms. (*Fast Casual Online 4/5/11*)

Culver's Frozen Custard launched a new branding campaign celebrating its heritage and Wisconsin roots. The new campaign, titled "Welcome to Delicious," aims to showcase the chain's heartland authenticity, handcrafted food and friendly hospitality. The campaign includes TV, radio and print ads, as well as marketing via in-store materials, and digital and social media. New ads focus on how the chain prepares its food thoughtfully and by hand using the finest ingredients. The campaign includes a new, more minimal logo that features the Culver's name in cursive script above the new tagline. In conjunction with the new marketing, Culver's has rolled out a new Three Cheese ButterBurger. The limited-time burger features Midwest-raised beef and three types of Wisconsin-made cheese. Culver's says that it has several other innovative menu additions in the pipeline as well. *(QSRWeb Online 3/23/11)*

Daphne's California Greek officially unveiled its new name and branding after nearly 20 years operating as Daphne's Greek Cafe. In addition to the new moniker and logo, the brand refresh includes an adjustment in the concept's positioning, a new collection of California-inspired menu options and an updated restaurant design. The fast-casual chain, which now operates under the motto "Live Life to its Fullest," has been repositioned from a modern Greek concept to a California Greek positioning. Updates to the menu include more ingredients associated with California cuisine and more customization options for guests seeking healthy, gluten-free and/or vegetarian fare. New décor elements rolling out across the chain's system include exclusive artwork, bamboo tabletops, colorful chairs and a more vibrant color palette. New plates and silverware are being added as well. Daphne's is also placing new emphasis on eco-friendly operations and community outreach. *(Business Wire 3/24/11)*

Denny's launched a limited-time menu promotion dubbed "Baconalia! A Celebration of Bacon." The promotion includes seven new dishes for breakfast, lunch, dinner and dessert, each showcasing bacon in a new or traditional form. Choices are Ultimate Bacon Breakfast, Bacon Flapjacks, Pepper Bacon & Eggs, Triple Bacon Sampler, BBBLT Sandwich, Bacon Meatloaf and Maple Bacon Sundae. Prices start at \$2.99. Denny's says it's the first restaurant chain to showcase bacon on a dedicated menu. The chain is supporting its Baconalia! promotion with TV, print and digital marketing. Social-media efforts included a weeklong sweepstakes promotion on the chain's Facebook page. *(Advertising Age Online 3/29/11; PR Newswire 3/30/11)*

Dunkin' Brands Inc. is reportedly mulling filing for an initial public offering in the second half of this year, according to reports from Reuters. The IPO would reportedly be valued between \$500 million and \$750 million. Dunkin' Brands has not formally responded to speculation that it's going public. *(Nation's Restaurant News Online 4/1/11)*

Dunkin' Donuts announced the national launch of its DD Perks Rewards Program. The loyalty program, previously only available in certain markets, allows guests to accrue Dunkin' Dollars when they make purchases using a registered Dunkin' Donuts Card. Customers earn one Dunkin' Dollar for every \$20 spent (two Dunkin' Dollars if the card has been auto-recharged within a calendar month). Customers who earn points receive a Dunkin' Dollar coupon in the mail at the end of each month. The coupons can be redeemed for anything on the chain's menu. Customers can register their card and learn more about the loyalty program at DDPerks.com. In addition to the new rewards program, DD Perks members receive a free beverage on their birthday, exclusive offers, previews of new menu items, updates on new restaurant openings, localized offers and other perks. *(Company Release 4/5/11)*

Dunkin' Donuts is testing a new collection of soups and sandwiches at its units in the Buffalo, NY, market. Items in test include tomato, chicken noodle and broccoli Cheddar soups, and roast beef, tuna, chicken salad, and turkey and bacon sandwiches. Dunkin' Donuts says that the new offerings could eventually roll out nationally. *(Buffalo Business First Online 4/6/11)*

Dunkin' Donuts rolled out a new line of Hearty Snacks for customers looking for a small, inexpensive bite between meals. The lineup consists of new offerings and existing items, with prices ranging from about \$1.29 to \$1.59 at participating locations. New items include oven-toasted stuffed bread sticks in

cheeseburger and pepperoni with cheese varieties. The line also includes warm apple pie, a handheld that Dunkin' Donuts previously menued as a limited-time offering in select markets. Completing the new line are bagel twists, an existing item, in both Cheddar cheese and cinnamon-raisin flavors. Dunkin' Donuts' Hearty Snacks are available all day. *(PR Newswire 4/4/11; Nation's Restaurant News Online 4/4/11)*

Erbert & Gerbert's Sandwich Shop announced the opening of its 50th restaurant location, its first in the Southeast. The milestone unit in Decatur, GA, features the chain's latest Urban Décor design package along with patio seating and a Coca-Cola Freestyle beverage dispenser. Catering and delivery are available. Founded in Wisconsin in 1998, Erbert & Gerbert's has grown across the Midwest. Parent **E & G Franchise Systems Inc.** plans to continue expanding the concept in the Southeast and nationwide in coming years. *(PR Newswire 4/8/11)*

Firehouse Subs is set to more than double its unit count in the next few years. The sub sandwich chain recently signed nine development agreements that call for area representatives to open 429 units over the next several years. The agreements cover markets in Nebraska, Iowa, Minnesota, Michigan, Ohio, Pennsylvania, Massachusetts, Louisiana and Texas. Area representatives for Firehouse Subs are responsible for selling franchises and providing marketing and operational support within their markets. Firehouse Subs currently has some 415 locations open. The chain plans to reach 2,000 units by 2020. *(PR Newswire 4/11/11)*

Five Guys Holdings Inc., franchisor of the Five Guys Burgers and Fries chain, has received a new round of funding from GE Capital, Franchise Finance. The \$100 million credit facility includes a \$55 million term loan and a \$45 million revolving line of credit. Five Guys plans to use the funds to finance expected growth. Five Guys has more than 740 company-owned and franchised units across the U.S. and Canada. *(Business Wire 3/24/11)*

Good Times Restaurants Inc. named Sukle Advertising & Design of Denver as its new ad agency of record. The agency is tasked with a brand revamp of the 49-unit chain. The effort will include new menu boards, refreshed building exteriors, new employee uniforms and updated packaging. The revamp is expected to be completed this year. Morey Evans Advertising Inc. of Denver previously handled Good Times' ad account. *(Denver Business Journal Online 4/5/11)*

International Dairy Queen Inc. (IDQ) sold 58 units in Kentucky and Indiana to franchisee Frauenshuh Hospitality Group. Details about the transaction were not disclosed. Most, if not all of the acquired units are freestanding **DQ Grill & Chill** restaurants. The acquisition adds to Minneapolis-based Frauenshuh Hospitality's 61 **Dairy Queen** units in five Midwestern states, which it operates through its **Fourteen Foods** division. The deal, along with the recent sale of 12 DQ Grill & Chill units to 12 joint-venture partners in Kentucky, leaves IDQ with just two company-owned units, one each in Minnesota and Kentucky. *(Nation's Restaurant News Online 3/29/11; Advanced Restaurant Sales 3/29/11; Business Wire 4/15/11)*

Landry's Restaurants Inc. CEO Tilman Fertitta is looking to acquire McCormick & Schmick's Seafood Restaurants Inc. Fertitta submitted a tender offer valued at \$137.3 million to acquire all of the company's shares the he and his affiliates do not already own. The offer of \$9.25 per share represented a 30% premium over McCormick & Schmick's per-share price at the close of trading before Fertitta's announced offer. Fertitta already owns about 10.1% of McCormick & Schmick's stock. McCormick & Schmick's has rejected the offer, saying among other things that the bid undervalues the company, is highly conditional and is opportunistically timed. *(Nation's Restaurant News Online 4/7/11, 4/20/11; BusinessWeek.com 4/7/11)*

Le Duff America Inc., operator of the la Madeleine chain in North America, acquired Bruegger's Enterprises Inc. from Sun Capital Partners Inc. Terms for the deal were not disclosed. Le Duff America is a subsidiary of **Groupe Le Duff SA** of France, which operates a number of café and bakery brands, including the **Brioche Dorée** chain. Bruegger's Enterprises is comprised of the **Bruegger's Bagel Bakery** concept along with Canadian subsidiary **Threecaf Brands**, which oversees the **Timothy's**, **Michel's Bakery Cafe** and **Mmmuffins**

brands. Officials of the newly merged bakery café brands expect to achieve purchasing efficiencies with the new company, and plan to share information on franchising, site selection and construction. Going forward, Le Duff America will consider pairing some of its concepts in certain venues and rebranding some existing units to its other brands. *(Nation's Restaurant News Online 3/18/11; SmartBlog on Restaurants 3/25/11)*

McCormick & Schmick's Seafood Restaurants is testing a new dining program that uses locally sourced ingredients. The farm-to-table program, currently in place at 10 of the chain's units, allows McCormick & Schmick's restaurants to list the local sources of items such as produce, meat and dairy. The chain already lists the origin for its seafood and changes menus daily based on seafood availability and seasonality. McCormick & Schmick's expects to launch the farm-to-table program systemwide by the end of the year. *(Nation's Restaurant News Online 3/16/11)*

McDonald's and its domestic franchisees conducted a one-day hiring blitz to recruit some 50,000 crew members, managers and corporate employees in anticipation of a busy summer. The April 19 event, dubbed National Hiring Day, aimed to boost the chain's U.S. workforce to about 700,000 full-time and part-time employees. The hiring spree is part of a larger effort that McDonald's is embarking on to cast its employment opportunities in a more positive light. In particular, the chain is looking to reshape perceptions of the term McJob, which has long held negative connotations. As part of the effort, the chain launched a multimedia ad campaign that shows employees from different levels within the company in a positive light. The campaign includes print, radio and in-store marketing, as well as digital and social-media efforts. *(Crain's Chicago Business Online 4/4/11; CNNMoney.com 4/4/11)*

McDonald's is once again featuring its Ronald McDonald mascot in TV commercials. In two new spots, the chain's well-known clown character promotes Happy Meals and encourages children to visit HappyMeal.com. The ads, the first of several new spots expected to feature the mascot, debuted in early April on the Cartoon Network, Nickelodeon and Disney XD channels. Ronald McDonald has been absent from McDonald's TV advertising for some time, as the chain has been focusing its marketing on adult consumers. *(Nation's Restaurant News Online 4/1/11)*

McDonald's is testing Frozen Strawberry Lemonade in select markets in Florida, Georgia and Southern California. The new beverage, part of the chain's McCafé lineup, is selling for \$1.59 for a small in some test stores. Marketing for the frozen drink includes in-store sampling events on Thursdays, out-of-store sampling at community events and promotion via the chain's local Twitter account. McDonald's has not disclosed any plans to make the beverage available in additional markets. *(QSRWeb Online 3/25/11; FoodBeast.com 3/11/11)*

Olive Garden announced plans to remodel more than half of its restaurants with its Via Tuscany look over the next two years. The new look draws inspiration from farmhouses in Italy's Tuscany region, which is home to Olive Garden's "Culinary Institute." Exterior design elements include stone entryways, a brick arch and newly planted cypress trees. Interior elements include rustic, farmhouse-inspired tables, chairs and booths, as well as new window treatments, and Tuscan touches in the dining room and bar area. Olive Garden's two-year plan includes remodeling some 400 of its more than 700 units across the U.S. with some or all of the Via Tuscany elements. Some 65 of the chain's units in Texas and a few other markets currently feature the new look. *(Yahoo! Finance 3/30/11; Nation's Restaurant News Online 3/30/11)*

OSI Restaurant Partners LLC plans to spend millions this year revamping its Outback Steakhouse chain and growing its Bonefish Grill chain. The multiconcept operator plans to invest up to \$50 million to remodel 150 Outback restaurants this year, a continuation of a renovation project that the company began testing last year. OSI intends to remodel some 400 Outback units in total over the coming years before launching similar efforts for its other brands. Other plans for 2011 call for an investment of up to \$25 million on restaurant expansion, primarily for the Bonefish Grill chain, which OSI hopes to grow by up to 10 units. In addition, the company intends to spend up to \$20 million this year on infrastructure upgrades, such as a new point-of-sale system for its restaurants. *(Nation's Restaurant News Online 3/31/11)*

Papa Murphy's Take 'N' Bake Pizza is rolling out a new marketing campaign and new menu promotions in an effort to grow its market share and position the brand a value leader for pizza. The new campaign, tagged "Join the Take 'N' Bake Revolution," aims to showcase Papa Murphy's high-quality, customizable pizzas and low prices. The effort includes TV, radio, print, online, social-media and in-store components. In some markets, the chain is also offering a \$5 pepperoni pizza promotion to drive trial. Menu promotions slated to launch in the coming months include a New York-style Combo Magnifico in April, a healthier Thai Chicken deLite pizza in June, and an indulgent Bacon, Bacon, Bacon pizza this fall. *(Nation's Restaurant News Online 3/25/11)*

Pizza Hut's largest U.S. franchisee, NPC International Inc., is facing a potential class-action lawsuit over claims of minimum-wage violations. A federal judge recently granted conditional certification for the class to move forward. More than 20,000 current and former delivery drivers are eligible to join the class. The lawsuit claims that NPC violated federal and state wage-and-hour laws by reimbursing drivers who used their own personal vehicles at a rate far less than the Internal Revenue Service-mandated mileage reimbursement rate, which caused the drivers' effective pay to fall below minimum wage. The suit seeks unspecified damages. In a statement, NPC said that it believes that it reimburses its drivers fairly. *(Kansas City Star Online 3/30/11)*

Pizza Hut rolled out its new Ultimate Stuffed Crust Pizzas for a limited time. The new pies are available in two varieties, both prepared on Pizza Hut's stuffed-crust dough. The two varieties are Stuffed Crust Pepperoni, with pepperoni slices and cheese folded into the crust, and Ultimate Stuffed Crust Meaty, with pepperoni, Italian sausage, bacon and cheese folded into the crust. A large Ultimate Stuffed Crust with three toppings sells for \$12.99. Pizza Hut debuted its original cheese-stuffed-crust pizza some 16 years ago. *(Pizza Marketplace Online 4/7/11)*

Sbarro Inc. has filed for Chapter 11 bankruptcy protection. The Melville, NY-based company intends to use the reorganization process to reduce its current debt obligations by approximately \$200 million to about \$175 million by converting all of its existing second-lien debt and senior notes to equity. Sbarro Inc. plans to continue normal restaurant operations during the restructuring process. The company's restaurant system includes more than 1,000 locations in more than 40 countries worldwide. *(Pizza Marketplace Online 4/4/11)*

Starbucks reaffirmed plans to build up its consumer packaged goods (CPG) business as part of its overall strategy for company growth. The coffee giant intends to grow its CPG business over the coming years to the point that it roughly equals its coffeehouse business. To position itself for growth, Starbucks recently ended its longtime partnership with **Kraft Foods** and rolled out a more retail-friendly logo that no longer features the text "Starbucks Coffee." The chain says that the updated logo will enable it to develop new products, new brands and new categories of business, some of which it may test in its cafés and then roll out to the retail channel. Starbucks entered the single-serve coffee segment through a new partnership with **Green Mountain Coffee Roasters**, and struck a deal with **Courtesy Products** to provide single-cup brewing systems and products to some 500,000 hotel rooms. *(Nation's Restaurant News Online 3/23/11)*

Steak n Shake awarded its ad account to Kirshenbaum Bond Senecal + Partners (KBSP) of New York. As the chain's new agency of record, KBSP will handle traditional advertising and branding, as well as digital, social-media and mobile marketing. The company will also oversee digital customer-relationship management, data and analytics. Zgroup Advertising will continue to handle media duties for Steak n Shake. *(Advertising Age Online 3/25/11)*

T.G.I. Friday's has updated its Give Me More Stripes loyalty program, giving members more options for redeeming rewards. Members of the free program continue to earn one point for every dollar spent, but now have flexibility to accrue points and redeem them at different levels. Members used to earn an \$8 food reward for every 100 points accrued. Now, customers can redeem 50 points for a free dessert;

80 points for a sandwich or burger; 100 points for \$8 worth of food or for a seafood or chicken entrée; and 150 points for a steak or rib entrée. The 100-point and 150-point rewards exclude Jack Daniel's items, premium items and combos. The updated program also allows members to redeem points at any time rather than waiting for an e-mail coupon, and doubles the use-by period to 60 days after members redeem their points. Give Me More Stripes members also continue to receive occasional members-only and VIP perks. Friday's currently has some 3.7 million members in its loyalty club.

(Company Release 3/30/11; Nation's Restaurant News Online 3/29/11)

Tim Hortons is testing a new range of panini sandwiches and a collection of premium espresso drinks in select markets. The chain's new panini sandwiches, priced at \$4.39 each, include Tuscan Chicken, Chipotle Turkey and Smoked Ham & Cheese varieties. A combo with half a panini and soup costs \$5.59. Test markets include Dayton, OH, and Rochester, NY. The test is part of Tim Hortons' effort to boost lunch and dinner sales. The new espresso drinks in test represent Tim Hortons' first specialty drinks prepared with premium espresso and steamed milk. The collection includes regular, flavored and iced lattes as well as cappuccinos, espressos and Americanos. Stores in the Columbus, OH, test market are offering some 20 specialty drinks in total. The panini and specialty drinks are both expected to become available across the chain's U.S. system this year. *(Springfield News-Sun Online 3/28/11; Columbus Dispatch Online 3/21/11)*

Co-Branding

Beautiful Brands International plans to launch its first Rex's Chicken/FreshBerry Frozen Yogurt/Smallcakes Cupcakery tri-branded stores this summer. The multi-brand restaurants, slated to launch in Durant, OK, and Raleigh, NC, will feature a shared ordering counter and menu board along with a small dining room and drive-thru window. *(Company Release 4/6/11)*

FOCUS Brands Inc. is ramping up efforts to expand its Schlotzsky's/Cinnabon/Carvel tri-branded restaurant concept. The company is currently seeking franchisees to help add to its current unit total of 17 Schlotzsky's/Cinnabon/Carvel units. Specific expansion goals have not been disclosed. The tri-branded concept requires about 2,800 square feet to operate, roughly the same size as a freestanding Schlotzsky's unit. FOCUS Brands says the concept builds incremental business during non-peak hours compared to a standalone Schlotzsky's unit, with additional equipment for the Cinnabon and Carvel operations representing essentially all of the increased development cost. FOCUS Brands also plans to continue growing its more established Schlotzsky's/Cinnabon dual-branded concept as it develops the newer tri-branded model. *(Nation's Restaurant News Online 4/5/11)*

Häagen-Dazs Shoppe Co. and Nestlé Toll House Café by Chip have teamed up to launch a co-branded dessert concept. The two chains are offering franchisees a restaurant model that pairs the Häagen-Dazs Shoppe and Nestlé Toll House Café concepts under one roof to capture more sales. Under the model, each brand would operate from its own ordering counter, but staff, marketing and promotions could be shared. The companies have not laid out any expansion goals for the co-branded model.

(Franchising.com 4/7/11)

Nontraditional

Jack in the Box unveiled its new food truck, dubbed Jack's Munchie Mobile. The burger chain is billing the 34-foot-long food truck as a brand-building vehicle that it will take to events, venues and streets across Southern California. The truck is equipped with a kitchen where staff can prepare and serve burgers, tacos, chicken sandwiches, fries and fountain drinks. The truck also features a digital menu board and satellite radio for entertainment. Branding on the truck includes graphics of the chain's iconic mascot Jack steering a chariot pulled by a tiger and polar bear. In addition to brand-building events, Jack's Munchie Mobile is available to cater public or private events. Customers can request a stop and find info about the truck's whereabouts via dedicated pages on Facebook and Twitter. *(Company Release 3/17/11)*

Introducing the *Market Intelligence Report: Coffee & Tea* a comprehensive assessment identifying trends and opportunities.

Capitalize on the Opportunities in Coffee and Tea to Drive Menu Innovation and Customer Traffic

From to-go cups of coffee at fast-food chains to tall glasses of iced tea at casual-dining restaurants, coffee and tea are **top beverage choices** for many consumers. At the same time, retailers have seen increases in coffee and tea sales, especially single-cup coffee varieties. Operators are responding to coffee and tea's enduring popularity by keeping these classic drinks in their basic forms on menus and by putting new and interesting spins on them, from **toppings and add-ins** to **frozen-blended treats** to **adult-beverage concoctions**.

Market Intelligence Report: Coffee & Tea digs deep into Technomic's **exclusive consumer, menu and industry data** to uncover insights and opportunities in coffee and tea. The report includes data from Technomic's MenuMonitor online trend-tracking resource, which analyzes the beverage menus of the top chains, emerging concepts and leading independent restaurants. It also features consumer data culled from Technomic's Consumer Trend Reports. **Retail data and trends** examine sales of coffee and tea at food stores, drug stores, mass merchandisers and convenience stores. Rounding out the data are operator examples, including the **new products and hot concepts** driving coffee and tea innovation.

In-depth coverage and analysis

Market Intelligence Report: Coffee & Tea provides operators and suppliers with powerful insights to help:

- ▶ **Drive sales by offering the types of coffee and tea that are increasing their presence on menus.** Examples include frozen, blended coffee drinks and tea/iced tea offerings.
- ▶ **Identify the on-trend flavors and ingredients that are increasingly appearing in coffee and tea drinks.**
- ▶ **Attract consumers who routinely drink coffee and tea products,** including the 60% who say they drink regular hot coffee and the 34% who say they drink dispensed iced tea.
- ▶ **Understand demographic differences among consumers who like coffee and tea to varying degrees** to reach your target customer or market to new customers.
- ▶ **Recognize the factors that drive consumers' coffee and tea purchases** and their preferences and opinions about these products.
- ▶ **Explore both the established and the up-and-coming coffee and tea concepts** that are driving the beverage segment.
- ▶ **Compare and contrast retail purchases with foodservice industry trends** to discover innovative new items on drink menus.

Valuable report deliverables

- ▶ **Executive Summary** of insights, implications and opportunities for operators and manufacturers.
- ▶ **Real-life examples** of new products and restaurant promotions.
- ▶ **Company profiles** of established and emerging coffee and tea concepts.

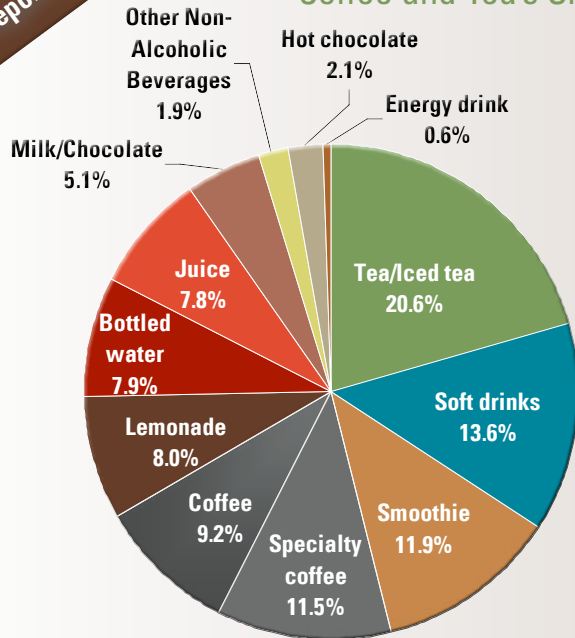


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Coffee and Tea's Share of Non-Alcoholic Beverages on Menus

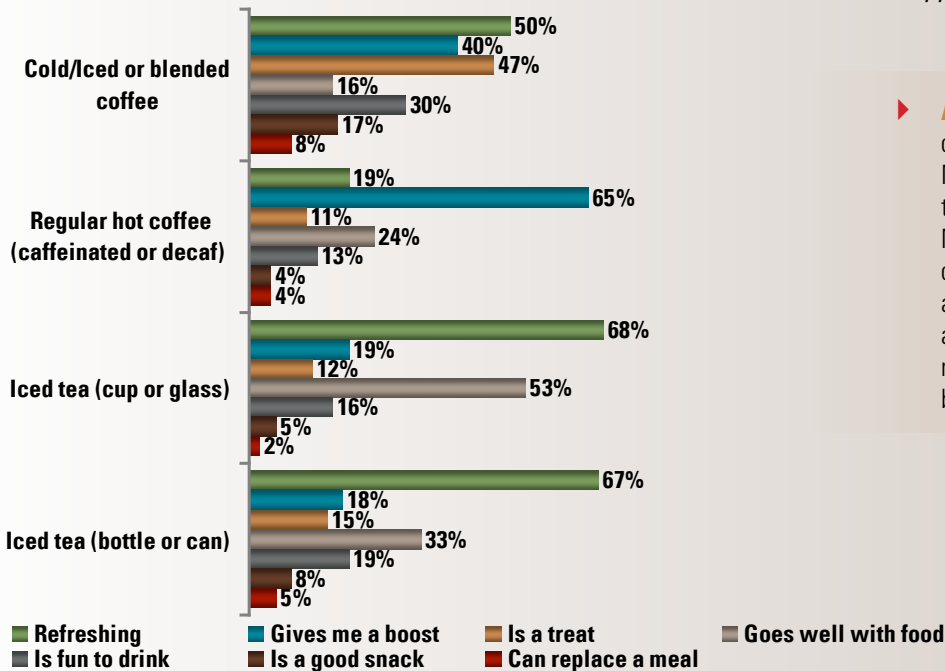


► **Analysis:** Coffee and tea comprise a significant percentage (41%) of non-alcoholic beverages on restaurant menus (when the three subsegments—Coffee, Specialty Coffee and Tea/Iced Tea—are combined). Their representation on menus is essentially equal, as only one-tenth of a percentage point separates coffee items (20.7%) from tea items (20.6%). With 13.6% of the non-alcoholic beverage share, Soft Drinks are a distant third, making coffee and tea the hands-down most common beverages on drink menus.

Base: 709 Chains and Independent Operators
Note: Total may not equal 100% due to rounding
Source: Technomic MenuMonitor, Jul–Dec 2010

Which of the following statements do you associate with the beverages that you have consumed in the past month?

Please select all statements that apply



► **Analysis:** “Refreshing” is a word that a majority of consumers associate with iced tea and cold coffee drinks. Nearly 70% of consumers said that that descriptor applies to iced tea, whether in a cup or glass, or bottled or canned. Meanwhile, exactly half of consumers said that they consider cold/iced or blended coffee drinks to be refreshing. The data also reveals that a sizeable percentage of consumers strongly associate coffee with providing a “boost.” The association is much higher for regular hot coffee (65%) than for cold/iced or blended coffee (40%).

Base: Varies
Source: Technomic, Inc., Beverage Consumer Trend Report

A sampling of established and emerging Coffee and Tea concepts profiled

In alpha order

Bad Ass Coffee Co., The
Barrie's Coffee & Tea
BIGGBY Coffee
Caribou Coffee

Coffee Beanery, The
Coffee Bean & Tea Leaf, The
Dutch Bros. Coffee
Gloria Jean's Coffee

It's a Grind
Lollicup Coffee & Tea
Peet's Coffee & Tea
PJ's Coffee of New Orleans

Scooter's Coffeehouse
Starbucks
Teavana
Tully's Coffee

International

Beautiful Brands International inked a development deal to launch its Dixie Cream Donut Co. brand in Saudi Arabia. The deal calls for development partner Khalid Al-Sudairy to open and sub-franchise at least 40 units across Saudi Arabia over the coming years. The first unit is slated to open in September.

(Company Release 3/23/11)

Burger King Corp. signed a multiyear agreement making PepsiCo the exclusive soft drink supplier to more than 1,000 restaurants throughout the chain's Latin America and Caribbean region. Terms for the deal were not disclosed. The deal makes PepsiCo the largest soft drink provider for Burger King in the respective markets. *(Business Wire 4/1/11)*

CEC Entertainment Inc. signed a development deal to open its first Chuck E. Cheese's restaurants in Mexico. The deal calls for franchise partner CECFranquicias S.A. de C.V. to open 10 units in northeastern Mexico over the next five years. The restaurants are expected to open in the cities of Ciudad Victoria, Gomez Palacio, Monterrey, Saltillo, Tampico and Torreon. Chuck E. Cheese's currently has international locations in seven foreign countries and territories worldwide. *(PR Newswire 3/28/11)*

Dunkin' Donuts has opened its 3,000th international location. The milestone unit in Shanghai represents the chain's 71st location in mainland China. Dunkin' Donuts opened its first restaurant outside the U.S. when it entered Canada in 1961, and has since expanded to markets across the globe. *(PR Newswire 3/30/11)*

Homestyle Dining LLC inked a development deal to establish its Ponderosa Steakhouse brand in Jordan. The deal calls for franchisee Omar Rasheed Abdel-Baqi to develop at least two units in Jordan, with the first scheduled to open late this year. Homestyle Dining currently has some 200 steakhouses operating under the **Ponderosa** and **Bonanza** brands in the U.S., Puerto Rico, Canada, Asia and the Middle East. *(Nation's Restaurant News Online 4/6/11)*

McDonald's Corp. awarded master franchise rights for South Africa to local businessman Cyril Ramaphosa. Terms for the 20-year agreement were not disclosed. As master franchisee, Ramaphosa takes over ownership and operation of some 145 existing McDonald's units in South Africa. McDonald's opened its first South African restaurant in Johannesburg in 1995. *(Associated Press 3/17/11)*

P.F. Chang's China Bistro Inc. is gearing up to enter the Canadian market. The company has signed a multi-unit development deal with franchisee **Interaction Asian Restaurants LP** to expand the **P.F. Chang's** chain across New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Quebec, Ontario and Manitoba. Specific expansion goals have not been disclosed. Interaction Asian Restaurants expects to open its first unit next year. The franchisee is headed by Michael Aronovici, whose **Interaction Restaurants Group Inc.** has helped develop concepts such as **Starbucks** and **Pizza Hut** in the Canadian market. *(Phoenix Business Journal Online 4/8/11)*

Pinkberry has made its Russian debut with a new unit in Moscow. The chain opened the new outlet at the Moskva-City business complex in partnership with franchise developer **Moneks Trading**. The companies plan to open a second location at Moscow's Moskva-City development later this spring. Pinkberry's other international locations are in Mexico and the Middle East. *(The Moscow Times Online 3/16/11)*

Starbucks Canada is looking to expand into underpenetrated markets in Quebec and the Atlantic Provinces. The coffee chain has not disclosed specific plans or any timeframe for the expansion, but says that the Quebec market alone, where it currently has less than 50 units, could support more than 200 stores. Starbucks currently has about 1,070 locations in Canada, primarily in Ontario and the Western provinces. *(Financial Post Online 4/11/11)*

Starbucks has opened its first unit in Guatemala. The coffee chain and joint-venture partner **Corporacion de Franquicias Americanas** opened the new coffeehouse at the Condado Concepcion shopping mall in Guatemala City. *(Zacks Online 3/22/11)*

Subway announced the opening of its 200th unit in India. The milestone restaurant in Ahmedabad, Gujarat, was opened with multi-unit franchisees Krunal Patel and Dipen Patel. Subway expects to reach the 500-unit mark in India by 2015. The chain opened its first restaurant in India in New Delhi about 10 years ago. (*Franchising.com* 3/29/11)

Tasti D-Lite signed a development deal to expand its brand into Central America. The chain and franchise partner Luis Velutini plan to open some 30 units in seven Central American countries over the next 10 years. The first unit is slated to open in Panama City by the end of this year. The frozen-yogurt chain currently has international locations open in Mexico and the United Arab Emirates, and expects to enter Australia in mid-2011. (*Nashville Business Journal Online* 4/6/11; *Franchising.com* 4/6/11)

T.G.I. Friday's U.K. plans to add 16 units to its system within the next five years. The chain, which already has 48 restaurants across the U.K., intends to open four outlets this year. Expansion is expected to continue on high streets and in retail parks and regional shopping centers. T.G.I. Friday's U.K. is a division of **Carlson Restaurants Worldwide Inc.** (*M&C Report Online* 4/12/11)

Yum! Restaurants International (Canada) franchisee Prizm Income Fund filed for protection from creditors under the Companies' Creditors Arrangement Act. The move is expected to expedite the sale of 231 **KFC**, **Taco Bell** and **Pizza Hut** units in Ontario and British Columbia to **Soul Restaurants Canada Inc.** Prizm, which indirectly owns and operates 400 **Yum! Brands** restaurants in seven provinces through its 60% stake in **Prizm L.P.**, is looking to sell its remaining units as well. (*Financial Post Online* 3/31/11)

Restaurant Concepts

Boardwalk Fresh Burgers & Fries, an eight-unit chain specializing in premium burgers and signature fries, signed a master franchise deal to expand its concept in the Pacific Northwest. The deal calls for franchise partner Lucky Patel to operate and sub-franchise some 30 units over the coming years in the markets of Portland, OR, and Cowlitz County, WA. Patel is an experienced franchisee operating both **Baja Fresh** and **Subway** units. Boardwalk Fresh Burgers & Fries currently has units open in California, Florida, Georgia, Maryland, Pennsylvania and Virginia. The chain, which is growing with the help of franchise developer **Fransmart**, has some 200 additional units under development nationwide. (*Franchising.com* 3/25/11)

Chipotle Mexican Grill announced details about the spinoff Asian concept it plans to open this summer in Washington, DC. ShopHouse Southeast Asian Kitchen takes its inspiration from the multilevel shophouses common in parts of Asia, where families live on upper floors and operate restaurants or markets on the ground floor. The fast-casual concept will offer a menu of Southeast Asian fare in a format similar to that of Chipotle Mexican Grill. Customers will order from a serving line and build their meal from a selection of fresh, sustainably raised ingredients such as grilled and braised meats, vegetables, aromatic herbs, spicy sauces and garnishes. (*Company Release* 4/12/11)

Grimaldi's Pizzeria, an emerging chain specializing in New York-style pizza baked in coal-fired ovens, launched a sister concept called Coal Burger. The fast-casual concept offer grass-fed beef burgers cooked in a coal-fired brick oven. Customers can build their burgers with various cheeses, produce and premium condiments on brioche, gluten-free or wheat buns. Other offerings include a vegetarian burger, salads and better-for-you sides. As part of its positioning, Coal Burger emphasizes the use of organic and natural ingredients. Coal Burger is also positioned as an eco-friendly concept. The chain has additional units slated to open in the coming months in Arizona and Texas. (*Pizza Marketplace Online* 3/21/11)

Nando's, the South African-based fast-casual chain specializing in peri-peri grilled chicken, plans to double its U.S. presence this year. The chain currently has three units in the Washington, DC, area and plans to add three more over the coming months. The expansion is part of a measured approach that the global chain is taking for the U.S. market. Nando's currently has nearly 1,000 units worldwide in markets such as South Africa, the U.K., Canada, Australia, Malaysia and Singapore. (*MonkeyDish.com* 4/5/11)

Restaurateurs Michael McDermott and Jason Merritt are launching a new concept called Black Chile Mexican Grill. Slated to open in Scottsdale, AZ, in May, Black Chile will be the second location of a concept McDermott and Merritt launched in Minnesota under the **Rojo Mexican Grill** banner. Trademark issues forced the pair to change the name. The Black Chile concept centers on familiar Mexican fare, with everything made fresh in an exhibition kitchen, including tortillas. Menu prices range from about \$10 to \$15. A full bar is anchored by a selection of some 75 tequilas. McDermott and Merritt plan to open four additional units under the Black Chile brand over the next two years. (*AZCentral.com 3/18/11*)

Vic Branstetter, co-founder of the Houston's chain and former chief operating officer of Hillstone Restaurant Group, plans to develop two emerging concepts through a newly created restaurant group. Branstetter, through Los Angeles-based **The Branstetter Group**, plans to expand a South African concept called **10 Degrees South** and a German gastropub called **Bru Haus**. The group is an investor in 10 Degrees South, which currently has one location in Atlanta. The Branstetter Group hopes to open a second unit of the high-end chain in Los Angeles before growing it in major metropolitan markets. The group is serving as a consultant for Bru Haus, a casual-dining concept slated to open this spring in West Los Angeles. Future plans for the concept have not been disclosed. The Branstetter Group is also working to develop its own concept but has not disclosed any details about it. (*Nation's Restaurant News Online 4/4/11*)

Supermarkets/C-Stores

Chevron outlined expansion plans for its ExtraMile c-store chain. The company hopes to grow the concept to 800 or 900 units over the next two years, split about evenly between company-operated and franchised stores. Chevron currently has about 500 ExtraMile units, 255 of which are franchised. All are located in Western states. Markets targeted for expansion include Los Angeles, San Francisco, Salt Lake City, the Pacific Northwest and Hawaii. Chevron plans to continue evolving its ExtraGood to Go food and beverage concept as the ExtraMile chain expands. Chevron debuted its ExtraMile c-store concept in Seattle in 2005. (*Convenience Store News Online 4/5/11*)

QuikTrip plans to open three next-generation units in the Kansas City market by the end of 2012. At 5,700 square feet with a new outdoor seating area, the chain's new c-store prototype is about 20% larger than its previous model, allowing for a larger food and beverage program. Dedicated personnel staff the beverage and ice-cream service area. QuikTrip says that the prototype's full-service beverage program will put it in a better position to compete with chains such as Starbucks. The Tulsa, OK-based company currently operates more than 480 stores in nine states. (*Kansas City Business Journal Online 4/6/11*)

Retail/Drugstores

Granite City Food & Brewery launched a new line of bottled beers at retail outlets in select markets in the Midwest. The chain is partnering with **Minhas Craft Brewery** and **Associated Brewing Co.** to bottle and distribute the beers to liquor stores and grocers in Minnesota, North Dakota, South Dakota, Iowa and Kansas. The line currently includes three of Granite City's most popular brews: Northern Lager, Duke of Wellington and Brother Benedict's Bock. Granite City has 26 restaurant locations throughout the Midwest. (*Yahoo! Finance 3/21/11; Minneapolis / St. Paul Business Journal Online 3/22/11*)

Colleges/Universities

Baylor University in Waco, TX, has formed a corporate partnership between its Department of Athletics and Red Mango. As part of the partnership, Red Mango is offering its signature smoothies to Baylor athletes and training staff at the Simpson Athletic and Academics Center on the university campus. The partnership is the first of its kind for Red Mango. Financial terms were not disclosed. (*Franchising.com 4/6/11*)

Missouri State University (MSU) in Springfield awarded a long-term foodservice contract to Chartwells Higher Education. The contract is good for 10 years and can be renewed annually for an additional three

years. The contract is estimated to be worth \$29.4 million over the full 13-year period. Chartwells, which is expected to begin operations at the university in May, replaces **Sodexo** on the account. Sodexo has handled foodservice for MSU for the last 15 years. *(News-Leader.com 4/1/11)*

Recreation

Caesars Entertainment Corp. is partnering with B.R. Guest Restaurants to open three restaurants this summer at its venues in Atlantic City, NJ. Two B.R. Guest concepts, **Dos Caminos** and **Bill's Bar & Burger**, are slated to open at Harrah's Resort Atlantic City. B.R. Guest will also open a location of its **Atlantic Grill** at Caesars Atlantic City. The partnership marks the first time Caesars Entertainment has worked with B.R. Guest to develop a restaurant. B.R. Guest, headed by founder Stephen Hanson, currently operates several concepts in New York, Florida and Las Vegas. *(PR Newswire 3/31/11)*

Centerplate is offering a variety of new concessions and in-park restaurant options for Major League Baseball fans this season. New concessions options at the San Francisco Giants' AT&T Park include apple-chicken or lamb sausage on sourdough bread, prepared-to-order boneless chicken wings and chipotle-cinnamon sweet-potato fries. Other new selections include a gluten-free hot dog at **Budweiser Brew Pub** and a seafood combo platter at the **Centerfield Chowder House**. At Tropicana Field in St. Petersburg, FL, Tampa Bay Rays fans can now order **Burger Up!** premium burgers, natural-cut fries and milk shakes. Other new items include Cheesecake Lollipop Bats and Florida Home Grown Vegetable Wraps. At the Florida Marlins' Sun Life Stadium in Miami Gardens, Centerplate added items such as made-to-order crêpes, hand-shaken chicken wings and warm mini cookies served in a souvenir helmet. *(PR Newswire 3/30/11 & 4/1/11)*

Chef Emeril Lagasse plans to open a third restaurant inside the Sands Casino Resort Bethlehem in Bethlehem, PA. Emeril's **Italian Table**, slated to open this spring, will offer the chef's take on rustic Italian fare with specialties that include cured meats, artisanal cheeses, fresh pastas, wood-oven pizzas, and fish, meat and vegetarian dishes. The eatery will feature a dining room, an antipasto bar and a cocktail bar with a window into the kitchen. The Sands Casino Resort Bethlehem is also home to Lagasse's **Emeril's Chop House** and **Burgers And More by Emeril**. *(PR Newswire 3/28/11)*

Delaware North Companies Sportservice announced some of the new menu items its offering at ballparks across the country this year during the Major League Baseball season. New at Camden Yards, home of the Baltimore Orioles, are locally inspired favorites such as Camden Yards Crab Cake and a spicy spring roll called the Rolling Crab. At the Cleveland Indians' Progressive Field, Sportservice added ½-pound grilled beef hot dogs with peppers and onions, as well as a chicken sandwich on a waffle. Minnesota Twins fans visiting Target Field in Minneapolis will find several new selections this season, including a turkey sandwich from food-truck purveyor **Turkey to Go**, Walk A Tacos from **El Burrito Mercado** in St. Paul, and Minneapple Pies from the **Cottage Grill** in Rogers, MN. Sportservice is also teaming with the Food Network to launch signature steak sandwiches at the 10 MLB ballparks it services. *(PR Newswire 3/30/11)*

Ivar's Seafood Bar announced that its Sports and Entertainment Division opened four new eateries inside the Key Arena at Seattle Center. The new eateries include an **Ivar's Seafood Bar**, a **Kidd Valley** restaurant and two **Big Foot Hot Dogs** stands. Ivar's opened the units through a partnership between the city of Seattle and venue-management company AEG. **Levy Restaurants** manages all Key Arena concessions for AEG. Ivar's Sports and Entertainment Division has more than 20 multi-branded locations in stadium venues throughout the Northwest. *(Marketwire 3/18/11)*

Jimmy Buffett's Margaritaville is moving forward with plans to launch a new casino and restaurant destination in Biloxi, MS. Margaritaville Casino & Restaurant Biloxi is a \$50 million development scheduled to open in Biloxi's Back Bay in spring 2012. Phase one of the development will feature a 20,000-square-foot casino, a **Margaritaville** restaurant, a store, an events center and a marina. A second

phase could include additional casino space, a Gulf Coast musicians' museum and marina enhancements. *(SunHerald.com 4/7/11; Company Website 4/8/11)*

Healthcare

University Hospitals Case Medical Center in Cleveland will welcome a Wolfgang Puck Express restaurant when it opens its new University Hospitals Seidman Cancer Center this spring. The 2,500-square-foot eatery will be located on the lobby level of the 120-bed facility. The restaurant marks the first Wolfgang Puck Express to open in a hospital. It is also Wolfgang Puck's first business in northeast Ohio. *(Cleveland.com 3/24/11; University Hospitals Website 3/28/11)*

Transportation

Autogrill SpA has signed a 10-year extension on its existing onsite management contract with Starbucks Corp. Under the new contract, Autogrill will continue to manage Starbucks units in U.S. airports and highway rest stops until 2020. The contract also calls for Autogrill to open 120 new units at its concessions venues across North America over the next 10 years. Autogrill currently operates more than 360 Starbucks units worldwide. The company signed its first agreement with Starbucks in 1994 through subsidiary **HMSHost**. *(MarketWatch Online 3/24/11)*

Cancun International Airport is the first airport in Mexico to open a California Pizza Kitchen. The new restaurant in Terminal 2 was opened by **Grupo Calpik S.A.P.I. de C.V.**, CPK's franchise partner in Mexico, in partnership with onsite operator **Mera Corp.** Open from 5 a.m. to 10 p.m., the new eatery offers a breakfast menu along with a selection of CPK favorites for lunch and dinner. *(Yahoo! Finance 4/11/11)*

Cleveland Hopkins International Airport welcomed the nation's first location of Canadian-based Timothy's World Coffee. The 600-square-foot unit in Concourse D, opened with concessionaire **AIRMALL USA**, offers more than 30 blends of coffee as well as specialty coffees, snacks and sandwiches. Timothy's expects to open two additional U.S. units in the coming months in Massachusetts and Minnesota. Timothy's is operated by **Threecaf Brands Inc.** of Canada, a wholly owned subsidiary of **Bruegger's Enterprises Inc.** *(CNW Online 4/4/11; PR Newswire 4/11/11)*

Philadelphia International Airport is home to a new Jamba Juice outlet. The unit in Terminal D was opened with franchisee **RJ Franchise 2**, headed by Ray Jones. Jones also operates a **Johnnies Dog House** inside the airport. Jamba Juice, which has more than 740 locations nationwide, is focusing its nontraditional development on airports and college campuses. *(Business Wire 4/4/11)*

Salt Lake City International Airport is slated to debut two new UFood Grill restaurants as part of its revitalized concessions program. **UFood Restaurant Group Inc.** is opening the units with franchise partner **Hojeij Branded Foods**, which specializes in airport food and beverage concessions development, operations and management. UFood Grill currently has four airport locations. *(Yahoo! Finance 4/11/11)*

Foodservice Management

Bon Appétit Management Co. has been named a corporate foodservice provider for retailer Kohl's Corp. Beginning in June, Bon Appétit will handle foodservice operations for Kohl's cafeterias at its headquarters and a satellite office in Menomonee Falls, WI, as well as the retailer's photo studio in Milwaukee. Terms for the partnership were not disclosed. *(The Business Journal Serving Greater Milwaukee Online 4/6/11)*

Sodexo Inc. signed a master retail license agreement with Indian concept Cafe Spice. The 10-year deal gives Sodexo the right to open and operate the fast-casual concept at its managed locations. Sodexo launched its first Cafe Spice last fall at Babson College in Massachusetts and Georgia Tech in Atlanta.

The company has since updated and revamped the concept through its **Retail Brand Group** division; the revamped concept is now exclusive to Sodexo. Sodexo's Cafe Spice menus traditional Indian favorites such as chicken tikka masala, curry bowls and naan sandwiches, all prepared using natural ingredients and halal meats. Guests can customize their dish by adding condiments from a chutney bar. *(PR Newswire 3/21/11)*

Manufacturers

Dr Pepper Snapple Group announced a multiyear agreement with Popeyes Louisiana Kitchen to bring Dr Pepper and Hawaiian Punch beverages to more than 1,300 Popeyes locations in the U.S. Popeyes currently offers Dr Pepper as part of its fountain program at about half of its domestic locations. Hawaiian Punch will be a new offering for the chain. Terms for the agreement were not disclosed. *(Dr Pepper Snapple Group Release 3/16/11)*

Distributors

Performance Food Group (PFG) is expanding its 80,000-square-foot distribution facility in Springfield, MO. The company plans to add 35,000 square feet to its **Performance Foodservice Roma – Springfield** facility, which serves some 1,500 customers throughout a nine-state area. PFG says that the Springfield site is one of several facilities that it is currently expanding. The company recently completed a 66,000-square-foot expansion of its **Performance Foodservice – Empire** distribution facility in Miami. *(Business Wire 3/29/11; SunHerald.com 4/4/11)*

Sysco Corp. and Krispy Kreme Doughnuts Inc. announced plans to enter into a supply-chain distribution agreement. Under the proposed agreement, Sysco subsidiary **Syigma** would supply proprietary donut mixes, ingredients and supplies to Krispy Kreme's company-owned and franchised units in the eastern U.S. Additionally, Sysco subsidiary **IFG** would export mixes, ingredients and supplies to Krispy Kreme's international locations. Following the proposed transition in supply-chain duties, which is expected to take place over the coming months, Krispy Kreme would continue to produce its own proprietary mixes and concentrates and then supply those products to Sysco as well as to its distribution partner for the West Coast. Krispy Kreme outsourced distribution to units in the western U.S. in 2008. *(Company Release 3/23/11; Houston Business Journal Online 3/23/11)*

Ecommerce/Technology

Burger King launched a new Facebook campaign to support the rollout of its new-recipe chicken tenders. The campaign centers on an app called Tender 8, which customers can access via a tab on the chain's official Facebook page. Customers can use the app to select eight friends to join their Tender 8 network. In exchange, users receive a coupon good for a free eight-piece order of chicken tenders with the purchase of a chicken tenders value meal. The eight selected friends are then invited to create a Tender 8 network to receive their own coupon. The app also allows users to virtually "dunk" their Facebook friends in one of Burger King's six dipping sauces. Burger King had about 1 million Facebook fan "likes" when it launched the campaign. *(Dayton Business Journal Online 3/28/11; Facebook 3/30/11)*

Pizza Hut teamed up with Adult Swim, Turner Broadcasting's late-night TV network, to launch a create-your-own-video contest for viewers. As part of the Fan Made Contest, Pizza Hut and Adult Swim are asking viewers to create and submit a video that describes their favorite moment involving pizza. Participants could enter their submission in person during any stop on the network's Adult Swim College Tour in early April. Submissions will be accepted online in May. Fans can view and vote for their favorite submission at adultswim.com/fanmade. Following the selection process, Adult Swim will recreate the winning video in a custom commercial for Pizza Hut. The contest winner will receive an all-expense-paid trip to view the making of the commercial. *(MediaPost.com 3/24/11)*

RESTAURANT INDUSTRY & ECONOMIC TREND DATA

12-Month Moving Average (Foodservice & Drinking Places Real Sales)



Foodservice & Drinking Places Real Growth



CPI: Food-Away-From-Home Monthly % Change



Consumer Confidence Index (Base 1985=100)



Real Disposable Personal Income Growth



Employment Growth: Total Non-Farm



Additional Market Data

Lodging: Rooms Sold¹ % Change vs. Year Ago

Year-to-Date (2 months)	6.5%
February 2011	6.2%

Domestic Airline Passenger Miles²

Year-to-Date (1 month)	2.2%
January 2011	2.2%

Vehicle Miles Traveled, All Systems³

Year-to-Date (1 month)	0.4%
January 2011	0.4%

¹ Smith Travel Research

² Bureau of Transportation Statistics

³ U.S. Department of Transportation

Same-Store Sales-Quarterly Data

Weighted Average Change, Excluding McDonald's* (Compared to same period year earlier)



Source: Company releases; Technomic, Inc.

*Representing all chains reporting at time of publication

Names Making Foodservice News

OPERATORS

AFC Enterprises Inc.
Bob Evans Farms Inc.
Cafe Enterprises Inc. (FATZ)
Charley's Grilled Subs
Einstein Noah Restaurant Group Inc.

Fleming's Prime Steakhouse & Wine Bar
HOA Restaurant Group LLC (Hooters)
Lucky Strike Lanes & Lounge
Penn Station East Coast Subs

Perkins & Marie Callender's Inc.
Real Mex Restaurants Inc.
Smith & Wollensky Restaurant Group
TC Global Inc. (Tully's Coffee)

LYNNE ZAPPONE
MARK A. MEARS
STEPHEN LOFTIS
BOB WRIGHT
BRIAN UNGER
MIKE ELLIS
MAEVE O'GORMAN PESQUERA
MATTHEW WICKESBERG
BILL STARBUCK
SCOTT KELLER
R. LANCE VAUGHT
JAY MILLER
DAVID GORONKIN
CHERYL KAHN-BROCCO
SCOTT M. PEARSON
CATHY CAMPBELL

Chief Talent Officer
President and Chief Concept Officer, Mimi's Cafe
VP, Marketing
Chief Operating Officer
Executive VP, Operations
Executive VP, Franchise and Restaurant Development
National Director of Wine
Executive VP and Chief Financial Officer
Corporate Executive Chef
Director of Sales
Director of Operations
VP, Research and Development, Perkins
President and CEO
Senior VP, Catering
President and CEO
Chief Financial Officer and Controller

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2011 TOP 200 LEADING MULTICONCEPT OPERATORS RESTAURANT REPORT



The largest and most thorough MCO study available, Technomic's *Top 200 Leading Multiconcept Operator Restaurant Report* is based on a nationwide census of these influential companies to determine current trends and major players. This comprehensive report delivers insight and profiles on the top 200 MCOs—from national innovators to emerging market-specific leaders—to help suppliers better identify and target new prospects. Extensive profiles outline:

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- ▶ **Sales and unit data**
- ▶ **Company history**
- ▶ **Concept positioning, menu focus and ambiance of each restaurant brand**

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