



Continuous Tracking of Emerging Restaurant Chains

ConcepTrac™

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New Concepts Work to Reclaim Fro-yo's Former Popularity

By Lauren Edwards, Assistant Editor

In the early 1980s, frozen yogurt burst onto the U.S. foodservice radar with the launch of **TCBY**, **Golden Spoon Frozen Yogurt**, **Freshëns** and other lesser-known concepts. Positioned as a healthier alternative to ice cream, frozen yogurt became wildly popular, gaining favor with health-conscious consumers who longed for a sweet treat with all the taste of ice cream but none of the guilt. Americans had a new fad and frozen yogurt was it.

By the early to mid-'90s, however, the novelty seemed to have worn off. Trendy premium ice cream concepts such as **Cold Stone Creamery** and **Maggie Moo's Ice Cream and Treatery** began to compete with TCBY and other yogurt concepts for a share of the frozen dessert market. Suddenly, dessert-seeking consumers had numerous chains from which to choose. Frozen yogurt was no longer Americans' go-to dessert of choice. The waning of consumer interest in the category seemed to signal that frozen yogurt was on the way out. It appeared as if Americans had outgrown a dessert fad that had been a national phenomenon seemingly overnight.

Now, the tide seems to have turned once again in favor of "fro-yo." Within the last few years, dozens of new fro-yo chains have cropped up throughout the country, signaling that fro-yo is once again gaining popularity. And the success of some of these new concepts has been extremely impressive. **Pinkberry**, which launched in Los Angeles just three short years ago, has already managed to secure a ranking in Technomic's Top 500. The chain raked in an estimated \$58 million systemwide in 2007—a doubling of 2006 sales.

In this month's *ConcepTrac*, we'll look at four up-and-coming fro-yo chains that are differentiating themselves with new and innovative products, ideas and services. **Céfiore** is offering consumers an expanded menu that goes beyond fro-yo. Eco-minded **Berry Chill** is impressing customers with its commitment to protecting the environment, one reusable spoon at a time. **Cherry on Top** is pioneering a self-serve approach in which patrons pay for their tart fro-yo by the ounce in a futuristic setting. And finally, Korea-based **Red Mango**, the senior contender among these new frontrunners, is banking on its international experience and its contemporary café-style environment to win customers.

The relative tartness of the new fro-yo is one of the major differences between today's fro-yo and that of years past. Whereas the frozen yogurt of the 1980s was relatively sweet and very much a dessert, the new fro-yo is much less sweet and far more tangy, tasting more like regular yogurt. The entire fro-yo experience has changed as well, with new concepts abandoning the takeaway fast-food model and instead fashioning themselves after coffeehouses—places where consumers can enjoy their fro-yo and linger in an inviting and well-designed setting.

The question remains: Are the new fro-yo chains a fad that will eventually fade out? Or has fro-yo gained a permanent place in the U.S. foodservice landscape? Although only time will tell, these emerging chains are certainly carving out their own niche by introducing new twists to frozen yogurt and its presentation. Those points of differentiation might be exactly what enable these concepts to achieve sustainable growth and remain strong contenders in the new race for fro-yo supremacy.

News In Brief

Baja Sol plans to open some 30 new units in Southern California beginning early next year. Twelve new franchised locations are slated to open in San Diego County, while 18 units are scheduled in Orange County. The first of these to open will be the Chula Vista unit. Minnesota-based Baja Sol recently opened its 15th unit in Columbus, OH, with five more lined up to open by the end of 2008. *(fastcasual.com & Company Website 7/10/08)*

Bobby's Burger Palace is a new “convenient casual” restaurant created by chef, restaurateur, cookbook author and TV personality **Bobby Flay** and his longtime business partner, **Laurence Kretchmer**. The new concept specializes in gourmet burgers inspired by and named for different regions of the country, including the Dallas Burger, Philadelphia Burger and Miami Burger. It offers counter service with amenities such as food served on real plates and delivered to seated guests, as well as table bussing by the waitstaff. Through a \$5 million franchising deal with **GE Capital Solutions, Franchise Finance**, Fay and Kretchmer were able to launch the first Bobby's Burger Palace on July 16 in Lake Grove, NY. Construction is already under way for additional units. *(businesswire.com 7/16/08)*

The Counter* will soon expand into the Colorado market with the opening of its newest unit, scheduled for August 18. Franchisee **Josh Blanchard** will own and operate the new outlet at the **Vistas at Park Meadows** in Denver. The nine-unit, California-based chain was founded in 2003 with the intention of providing “a modern spin on the classic burger joint.” It boasts of offering customers more than 312,000 ways to customize their burger. The new unit will feature industrial décor and modern music. Beer and wine will be menued. *(marketwire.com 7/10/08)*

FreshBerry Frozen Yogurt Café, an Oklahoma-based frozen yogurt and smoothie concept, will soon expand into Southern California. Its parent company, **Beautiful Brands International**, has inked a multi-unit franchise agreement with franchisee **Sunny Sandhu** to open 11 FreshBerry cafés in Los Angeles and Orange County, CA. In addition to the California expansion, FreshBerry units are slated to open in other metropolitan areas including Houston and Dallas; Tulsa, OK; Phoenix; Reno, NV; and Lake Tahoe. *(fastcasual.com 6/23/08)*

Indigo Joe's Sports Pub & Restaurant has added a second Texas unit with the opening of its new location in Houston. The Houston unit is franchised by **David, Linda and Michael Fontaine**. It features more than 50 LCD and plasma-screen TVs as well as wireless voice boxes. In addition, the unit features a fire pit on the patio, free Wi-Fi and a separate pub area with full bar service. The family-friendly sports-themed chain operates some 22 units in 18 states across the country. *(franchising.com 6/23/08)*

Jimmy's Egg Restaurants parent **Jimmy's Egg Franchise Systems LLC** announced that through a partnership with **Overeas, LLC**, the chain is set to expand its reach in Oklahoma. Having already purchased the exclusive development rights in the Tulsa market, Overeas, LLC first plans to close the Jimmy's Egg unit presently located at East 51st Street (to make way for scheduled highway construction) and build, in its place, a new restaurant at the intersection of East 41st Street and South Peoria in Tulsa. In July, the company announced the sale of franchise development rights in Wichita, KS, and is looking to make similar deals in Springfield, MO, and Houston. *(prnewswire.com 7/24/08)*

Lifeway Foods, Inc. announced that it plans to begin franchising its **Starfruit** “kefir

*Previously profiled in ConcepTrac

boutique” café. Kefir is a yogurt-like cultured milk promoted as providing health benefits such as an enhanced immune system, gastrointestinal health and an easing of lactose intolerance. Starfruit, which debuted in Chicago in April, offers several flavors of frozen kefir and some 20 toppings, along with customized kefir parfaits and kefir smoothies. The Chicago unit will serve as the model for future franchised stores. Lifeway Foods has partnered with **Francorp** for its franchising program. (*prnewswire.com 7/7/08*)

Mama Fu’s Asian House,* a fast-casual Asian concept with 17 units, was purchased by Texas-based **Murphy Adams Restaurant Group** in March from **Raving Brands**, an Atlanta-based operator of various brands including **Planet Smoothie** and **Shane’s Rib Shack**. Murphy Adams Restaurant Group President and CEO **Randy Murphy** said that Mama Fu’s entire food and beverage manual has been revamped. In addition, the company is testing two new programs at its Austin units: delivery service and a mixed-service prototype, fast-casual during the day and full-service at night. Murphy and his team hope to grow Mama Fu’s to 100 units within five years. (*chainleader.com 7/2/08*)

Nothing but Noodles* has opened its 19th restaurant and its third in New York State. The new unit in the Syracuse suburb of DeWitt, NY, is the third of six planned restaurants that parent company **Noodles Development, LP** intends to open within eight months. **Fresh Concept Group, LLC** has purchased development rights to Syracuse and Rochester, NY. Fresh Concept Group’s **Patrick Hummel** and his partners plan to sell franchise rights to targeted areas within each region, which could allow for the creation of 10–12 Nothing But Noodles restaurants in Syracuse and Rochester within the next few years. (*franchising.com 6/18/08*)

Nubi Yogurt opened its fourth unit July 12 in Millbrae, CA, marking the chain’s first store in

Northern California. More than 2,000 cups of yogurt were sold the first day. Nubi offers self-serve frozen yogurt with a choice of 12 flavors and more than 40 toppings. The company has plans to open at least three more company-owned units by the end of the year, while making preparations for the launch of its national franchising program. (*prnewswire.com 7/15/08*)

Organic To Go,* the country’s first casual café to be certified as a seller of organic products, will further extend its reach in Washington, DC after its recent purchase of a **Marvelous Market** café for an undisclosed sum. The café, located on **Bethesda Row**, a popular restaurant and shopping destination in Bethesda, MD, will be converted into an Organic To Go café, the fifth in the metro D.C. area. Seattle-based Organic To Go offers its menu items at more than 170 locations nationwide, including cafés, wholesale businesses, universities and airports. (*businesswire.com 7/16/08*)

The Original SoupMan recently expanded into the Minneapolis market with the opening of its newest unit. Franchisee **Michael Barr** opened the new unit on July 15 in one of Minneapolis’ tallest buildings, part of the Downtown Skyway. The Original SoupMan features the soups of **Al Yeganeh**, who inspired the famous “Soup Episode” on TV’s “Seinfeld.” The Minneapolis location will offer more than 50 soups, gourmet salads, sandwiches, wraps and grilled paninis. (*prnewswire.com 7/11/08*)

Palm Palace Restaurants plans to open five to eight new units in southeastern Michigan, as well as additional units in Ohio and Chicago, in the coming months. The first of the new units is slated to open this month in Clinton Township, MI. The new restaurants will offer a Mediterranean-influenced menu with offerings from around the world created by internationally trained chefs. (*businesswire.com 7/10/08*)

Papa Bello Pizza & Subs, an Italian-style fast-casual concept, has been acquired by

*Previously profiled in ConceptTrac

Synegrate, Inc. All 13 Papa Bello units in 12 states throughout the Midwest are located inside the front entrance of Wal-Mart Superstores. (*prnewswire.com 6/26/08*)

Rising Roll Gourmet, a Georgia-based fast-casual sandwich concept with 13 locations, has partnered with **Scot Wilson**, a Phoenix businessman, to open 15 units in the Phoenix market over the next few years. Rising Roll Gourmet presently operates in six states: Georgia, South Carolina, North Carolina, Tennessee, Texas and Colorado. (*fastcasual.com 6/27/08*)

Santa Fe Cattle Co. is continuing its aggressive franchising efforts with the scheduled opening of six new units. Parent **Santa Fe Holding Co.** will open the newest location August 18 in McComb, MS. Construction is under way on units in Ada and Bixby, OK, and Albertville and Enterprise, AL. The company previously reported that groundbreaking for a Lawton, OK, unit was scheduled for August 1. The new restaurants will feature a new prototype design, with nearly 6,000 sq. ft. and seating for more than 185 guests, as well as a large bar area and a heavy use of local wood and stone materials. (*marketwire.com 7/21/08*)

Smashburger further extended its reach in the Colorado market with the opening of a fifth store, located in the Denver suburb of Englewood. The 2,000-sq.-ft. space features the most unusual design scheme of the five units, with a soaring, arched ceiling and 8-ft.-tall red letters boldly stating the chain's tagline, "smash.sizzle.savor." The Englewood unit represents one of eight stores that parent **Consumer Capital Partners (CCP)** plans to open in Denver by year's end. With units also scheduled to open in Texas and Kansas in the coming months, the chain has stated its intention to have 15–20 total Smashburger units in operation by the end of 2008. (*businesswire.com 7/24/08*)

Sophie's Cuban Cuisine of New York City announced the opening of its second franchised unit. Franchisee **Patricia Mahabir** opened the newest Sophie's Cuban Cuisine

restaurant July 16 in Manhattan. The chain launched in 1997 in Lower Manhattan and has since grown to seven locations throughout New York City, offering traditional Cuban fare and up to 16 different daily features and specials. (*businesswire.com 7/15/08*)

Yogen Früz* held a grand opening July 11 and 12 for its third store in Illinois, located at **Yorktown Center** in the Chicago suburb of Lombard. The unit donated 10% of its first-day profits to the **Tri-Town YMCA**. The opening also featured giveaways and two-for-one product offerings. The Lombard unit is one of 30 new Yogen Früz locations slated to open by year's end. In related news, the Canada-based chain announced that master franchiser YF Systems of Texas, LLC plans to open a number of franchised locations across Texas over the next year. **YF Systems of Texas** noted that with its large population, Texas "is a major component of Yogen Früz's U.S. expansion." (*businesswire.com 7/11/08 & 7/23/08*)

Yogis Grill Teriyaki & Roll, a Japanese casual-dining concept, has launched a franchising program to accelerate growth. The chain got its start in 2005 in Mesa, AZ. Today it operates four restaurants, all in the Phoenix metro area, with plans to add a fifth unit, its third in Mesa, this month. The company is seeking qualified franchisees in selected markets throughout the U.S. (*franchising.com & Company Website 7/17/08*)

Zero's Subs is making a growth push with four new units slated to open in the fourth quarter of 2008. The new outlets are set to open in Yuma, AZ; Olancho, CA; and the Lafayette Park and Silver Lake districts of Los Angeles. According to the chain, its recent rapid growth is due in part to its "flexible franchise" approach, with units in nontraditional sites such as gas stations and bakeries. Since its founding in 1967, Zero's Subs has grown to nearly 60 domestic and international units. (*businesswire.com 7/15/08*)

* Previously profiled in ConcepTrac

Concepts in Action

Céfiore

19481 San Jose Avenue
 City of Industry, CA 91748
 909/869 7727; Fax: 909/869 7737
 www.cefiore.com
 Number of Units: 30
 Segment: Limited Service
 Parent: Todai SSB, Inc.
 (Publicly held)



Céfiore's Little Tokyo location in L.A. was designed to resemble a traditional Japanese building, with a sloping, tile roof and silk screen partitions.



The chain offers a wide variety of unusual fresh fruit toppings, including cantaloupe, watermelon and pomegranate; they can be added to waffles, shaved ice and other products, in addition to fro-yo.

Two distinguishing factors set Céfiore apart from the rest of the fro-yo pack: a product that it calls Italian fro-yo, as well as an expanded menu. With a successful franchising program already in place, Céfiore is likely to experience further growth in the future. A closer look at the menu shows:

- **Italian non-fat frozen yogurt**
- **Smoothies, snow ice, waffles and organic beverages**

Inside the Menu

Céfiore's fro-yo is called "Italian" due to the fact that its formula comes from Italy, a point of differentiation for the chain. The tart fro-yo comes in six flavors with a choice of more than 20 toppings. The fro-yo menu centers on:

- **Italian non-fat fro-yo**—in Original, Açai, Raspberry-Cherry, Chocolate, Green Tea and Raspberry-Pomegranate flavors (95¢ per topping)
- **Original flavor**—(kids, \$2.50; single, \$3.50; double, \$4.50; family, \$5.75)
- **All other flavors**—(kids, \$3; single, \$3.95; double, \$4.95; family, \$6.50)
- **Fruit Toppings**—blueberries, blackberries, bananas, pineapple, pomegranate, mangos, kiwi, cantaloupe, raspberries, watermelon, coconut and strawberries
- **Nut Toppings**—almonds, mixed nuts and walnuts
- **Miscellaneous Toppings**—chocolate chips, Oreo cookies, M&M's, mochi, granola, Gummy Bears, Fruity Pebbles and yogurt chips

The company notes that the most popular flavor-topping combinations are Original with strawberries, mangos and kiwi; Raspberry-Pomegranate with raspberries, blackberries and coconut; and Açai with blueberries, granola and mochi. Mochi is sweet, sticky rice. Açai (ah-sigh-ee) berry, grown in the Amazon rainforest, is said to have a number of health benefits, including boosting the immune system and increasing energy and strength.

Smoothies, snow ice, waffles and beverages

Unlike some of the other new fro-yo concepts, Céfiore offers more than just fro-yo. Although it is certainly the main attraction, it's hardly the only one. The chain also menus a variety of snacks, desserts and organic beverages in an effort to appeal to a broad cross-section of customers. Selections include:



The design scheme at Céfiore stores is fairly minimalist, with European-inspired furnishings.

- **Smoothies**—natural yogurt mixed with fresh fruit in Pineapple, Mango and Coconut; Strawberry and Banana; Triple Berry; and Green Tea flavors (small, \$4.25; medium, \$4.75)
- **Snow Ice**—Original or Green Tea yogurt atop shaved ice, served with a choice of five toppings including sweet red beans and fresh fruit (\$6.75)
- **Waffles**—toasted-to-order Belgian-style waffles topped with Original or Green Tea yogurt, with fresh fruits or other toppings (\$5.95)
- **Organic Coffee**—Cappuccino (small, \$2.70; medium, \$3.25)
- **Organic Coffee**—Americano (small, \$2.25; medium, \$2.55)
- **Organic Tea**—Green Tea, White Tea, Lavender, Hibiscus or Assam Black, served hot or iced (\$2.50)

Coffee and tea served at Céfiore are entirely organic, a fact that reiterates the chain’s healthy positioning. The whole-leaf teas come from Treleela. Coffee beans are from GroundWorks, a roaster in Santa Monica, CA.

Company Characteristics

Céfiore’s story dates to 2006, when the management at Todai SSB, Inc., the operator of Todai, the 23-unit seafood and sushi buffet, began to develop an interest in opening a concept in the frozen dessert category. The team began to research concepts and locations and realized the potential for a new kind of fro-yo chain. They devised a franchising system before the first unit opened in August 2006 in Los Angeles’ Little Tokyo neighborhood. Soon after the opening of its first unit, the company received hundreds of franchising inquiries, to which it responded favorably. The chain has since grown to a total of 30 units, 29 in the U.S. and a single international unit in Shanghai, China. Twenty-seven of those units are operated by franchisees, confirming that Céfiore’s primary vehicle for growth from the beginning has been its franchising program.

Major expansion plans are in the works. This month four new Céfiore units are slated to open domestically, in downtown Los Angeles; Garden Grove, CA; Bellevue, WA; and Boulder, CO. In addition, international units are scheduled to open in China and Australia. In September, the company will extend its reach in California with the opening of four new stores, in Irvine, Pasadena and San Francisco.

The company operates inline units that range from 700–1,200 sq. ft. with seating for 10–12 patrons. Décor at Céfiore stores is hip and modern, with a mix of European-style chairs in unusual textures and fabrics, bright red and light wood tables, and circular cut-out windows to provide a unique and eye-catching design scheme. The exterior of some units, like the one in Los Angeles’ Little Tokyo, reflect an Asian influence with sloping, tile roofs and Japanese silk screens. Most units offer free Wi-Fi, and the company is making a concerted effort to offer the service at all stores in the near future. The fact that Wi-Fi is offered makes the chain popular with students.

Average unit volumes are estimated to range from \$600,000–\$800,000. Check averages are estimated at \$5.50.

Key management includes Hans Kim, president & CEO; Danny Kim, vice president; Sarah Suh, director of operations and marketing; and Caroline Yi, franchise coordinator.

Concepts In Action

Berry Chill

635 N. State Street

Chicago, IL 60605

312/266 2445

www.berrychill.com

Number of Units: 3

Segment: Limited Service

Parent: Berry Chill

(Privately held)



All of Berry Chill's three units are located in downtown Chicago's bustling business sector.



Fresh fruits such as strawberries and kiwi are among the most popular topping selections.

Calling its product “Yogurt Couture,” Chicago-based Berry Chill takes an upscale, environmentally friendly approach to fro-yo. Open just five months, the concept has already won over longtime fro-yo fans and recent converts alike with its slightly tart fro-yo that is touted as high in nutritional benefits. Patrons also seem to value the chain’s commitment to protecting the environment, witnessed in its use of low-to-no-emission delivery vehicles and its practice of recycling and reusing all of its eating materials and utensils. With plans already under way for additional units in the Chicagoland area, Berry Chill is on the cusp of regional expansion. A closer look at the menu reveals:

- **Non-fat, lactose-free frozen yogurt**
- **Blasts and blenders**

Inside the Menu

Berry Chill rotates its fro-yo flavors on a monthly basis, ensuring that customers never tire of one particular flavor. Original flavor is always offered, with the other three flavors changing regularly. Customers are encouraged to vote online for their favorite flavors, with those votes influencing which flavors are offered every month. Berry Chill’s fro-yo has been identified by the National Yogurt Association as having the necessary amount of probiotics as well as live and active cultures to qualify as yogurt; it’s a distinction that the chain notes and advertises with pride. In addition to being non-fat, the fro-yo at Berry Chill is made with specially treated lactose-free milk, making it a preferred dessert choice for customers who are lactose-intolerant. A look at the fro-yo menu reveals:

- **Frozen yogurt**—in Original, Chocolate Amaretto, Peach Mango, Pink Guava, Piña Colada and Pistachio flavors
 - **Small** (no toppings, \$2.99; one-topping, \$3.99; two-toppings, \$3.99; three-toppings, \$4.99)
 - **Medium** (no toppings, \$3.99; one-topping, \$4.99; two-toppings, \$5.49; three-toppings, \$6.49)
 - **Large** (no toppings, \$5.49; one-topping, \$6.49; two-toppings, \$7.49; three-toppings, \$8.49)
- **Fruit Toppings**—strawberries, blueberries, raspberries, blackberries, bananas, pineapple, mangos, kiwi, Brazilian papaya and starfruit
- **Cereal Toppings**—Cookie Crisp, Golden Grahams, Captain Crunch, Fruity Pebbles, Cocoa Krispies, Apple Jacks, Cinnamon Toast Crunch, Oh’s, Kashi Go Lean Crunch and Special K Red Berries
- **Miscellaneous Toppings**—coconut, chocolate chips, yogurt chips, carob chips, chocolate sprinkles, rainbow sprinkles, mini marshmallows, mochi, Leonard’s smiley face cookies and granola



Flat-screen TVs, suede couches and ottoman-style chairs are part of the upscale décor at Berry Chill.

Blasts and Blenders

The chain offers more than just traditional fro-yo served in a bowl with a spoon; it gives customers the added option of ordering either a blast or blender. The chunky blasts are similar in consistency to concretes at chains like Culver’s Frozen Custard, except that they use fro-yo instead of ice cream. The blenders, meanwhile, are smoothie-like, drinkable beverages popular with on-the-go customers. Choices include:

- **BC Blast**—a combination of yogurt and choice of three toppings, forming a chunky product that’s served with a spoon (small, \$5.49 and \$6.49; large, \$7.49 and \$8.49)
- **BC Blender**—smoothie-like, drinkable blend of yogurt and up to three toppings, no spoon required (small, \$5.49 and \$6.49; large, \$7.49 and \$8.49)

Berry Chill offers an unusual service for a frozen dessert concept—limited-area delivery. In keeping with its pledge to be a “green” concept, the company only uses delivery methods and vehicles that emit little to no harmful emissions, including electric scooters, bicycles and European-style Smart cars. In another nod to corporate social responsibility, Berry Chill offers the Berry Chill Culture Club, a membership program in which 3% of sales go to benefit local charities every time a member uses the club card.

Company Characteristics

Michael Farah and a silent business partner launched Berry Chill in Chicago’s River North neighborhood in March 2008, making Berry Chill the newcomer in the fro-yo competition. Four months later, the company opened two additional units, also in Chicago’s central business district. The company plans to add five more units in the greater Chicago area by the end of the year.

The company operates inline units that average 1,000 sq. ft with indoor and outdoor seating for about 20 customers. At present, all three units are located in downtown Chicago, suggesting that the company favors bustling metropolitan areas as sites for its units. What Berry Chill stores lack in size they more than makes up for in décor. Berry Chill has developed a cool and hip design scheme that reinforces its upscale positioning. The dominant colors are turquoise and white, with swirly, white art work adorning the walls. Four flat-screen LCD TVs (which the company says use minimal energy) are clustered in a square on one wall. Seating includes a handful of uniquely shaped white chairs and block-style stools around glass table tops attached to swirly, white bottoms. An unusually shaped turquoise, suede couch provides additional seating.

Given its location in Chicago’s primary business district, Berry Chill draws in a number of professionals, mostly young adults on their lunch breaks or grabbing a bite at the end of the work day. Late-night snack seekers enjoy the fact that Berry Chill is open late—until 11 p.m. Sunday–Thursday and until 4 a.m. Friday and Saturday.

Check averages are estimated at \$5. Unit volumes are estimated to range from \$800,000–\$1,000,000.

Key management includes Farah, founder; and Mary Claire, marketing director.

Concepts In Action

Cherry on Top

6281 Beach Blvd., Ste. 203

Buena Park, CA 90621

714/676 8088

www.cherryontopyogurt.com

Number of Units: 8

Segment: Limited Service

Parent: Cherry on Top

(Privately held)



Cherry on Top's inline units are larger than many other fro-yo concepts, averaging 1,500 sq. ft.



The chain differentiates itself with more flavor offerings than many of its competitors.

Cherry on Top uses a two-pronged approach to set itself apart from other fro-yo concepts. It combines a stylish, futuristic setting with a self-serve, pay-by-the-ounce method that enables customers to make their own creations by dispensing the product themselves and adding their own toppings. Cherry on Top is one of only a handful of fro-yo chains industry-wide to adopt a self-serve approach. Its menu is highlighted by:

- **Low-fat and non-fat frozen yogurt**
- **Fruit, nut, cereal and sweet toppings**

Inside the Menu

The simplistic menu at Cherry on Top can be divided into just two categories: fro-yo and toppings. Therefore, customers who are partial to diverse menus with numerous choices might be disappointed with Cherry on Top's strictly fro-yo offerings. Nevertheless, the chain contends that it does offer variety to its customers through its 11 different fro-yo flavors and more than 30 toppings. Cherry on Top serves both non-fat and low-fat fro-yo at 96 and 110 calories per serving, respectively. The concept's fro-yo menu reveals:

- **Frozen yogurt**—in Strawberry, Blueberry Tart, Chocolate, Raspberry, Cherry Tart, Banana Cream, Plain Tart, Cheesecake, Mango, Peach Tart and Cookies 'n Cream flavors (39¢ per ounce)

Cherry on Top differentiates itself from its competitors with its unique self-serve approach. Customers prepare their fro-yo themselves, dispensing it from machines and adding toppings on their own from a central toppings bar. The central location of the toppings bar, accessible from all sides, cuts down on time spent waiting in line. Unlike many other fro-yo concepts that have set prices based on the number of toppings, Cherry on Top weighs its products to determine the price. That means customers can add as many toppings as they wish and are limited only by their imaginations in what they can create. The self-serve approach guarantees that patrons get exactly what they want, helping to ensure customer satisfaction.

Fruit, nut, cereal and sweet toppings

To complement its fro-yo, Cherry on Top menus a wide array of toppings, including some 10 sweet toppings that balance out the fro-yo's relative tartness. The chain's diverse toppings include some selections offered by few of its competitors. Unusual offerings such as cantaloupe, Mandarin oranges, grapes and Skittles illustrate Cherry on Top's creativity, as well as its desire to put its own spin on fro-yo



The shared bar-style seating at Cherry on Top stores promote social relations among customers.

in what has become an increasingly competitive market. Toppings can be divided into four categories:

- **Fruit Toppings**—cherries, strawberries, blueberries, raspberries, blackberries, watermelon, cantaloupe, honeydew melon, pineapple, Mandarin oranges, grapes, bananas, mango, kiwi fruit, cranberries, coconut and dried fruit
- **Nut Toppings**—peanuts, walnuts, almonds and pine nuts
- **Cereal Toppings**—granola
- **Sweet Toppings**—Gummy Bears, sprinkles, Oreo cookies, chocolate chips, Skittles, M&Ms, peanut brittle, white chocolate shavings and Reese's Pieces

Company Characteristics

The man behind Cherry on Top is David J. Kim, a University of California at Berkeley business school grad turned entrepreneur. Since the first unit opened in Orange, CA, in August 2007, Cherry on Top has grown to eight stores, all located in Southern California. Plans are under way for the opening of new units, but Cherry on Top's expansion plans in the near future will mostly keep the chain in Southern California, with the exception of a single unit in Las Vegas that is scheduled to open by year's end. The chain plans to open units this month in Huntington Beach and Riverside, and a store in Pasadena in September, bringing the chain's total number of units to 11. Construction has begun on additional stores in Santa Ana, Santa Monica and Irvine. Stores are a mixture of company-owned and licensed outlets; at present, Cherry on Top does not have a franchising program and has no immediate plans to develop one.

Cherry on Top operates primarily inline units that range from 1,200–1,500 sq. ft. with 1,500 sq. ft. as the preferred size. Units typically offer between 12 and 18 seats indoors and additional shared seating outside for roughly 25 guests. Décor at Cherry on Top stores is futuristic, with gray, white and pink the dominant colors. White, cut-out plastic chairs are grouped with sleek gray tables. Rounded gray-and-pink bar stools provide communal seating at a circular, raised table, inside of which is a floor-to-ceiling swirly white structure that resembles a scoop of frozen yogurt. The bar seating is a design element that is clearly meant to encourage social interaction among customers. Clusters of colorful glass balls are suspended from the ceiling. Neon blue lights are situated above a prominent menu board. The entire effect is cutting-edge and forward-thinking.

Cherry on Top's sleek and modern interiors and proximity to many college/university campuses attract a large number of young adults, especially students. Average unit volumes are estimated to range from \$500,000-\$700,000. Check averages are estimated at \$5.

Key management includes Kim, president & CEO; Andrew Fontes, director of creative services; Kyle Kessenich, director of marketing & media relations; and Ivan Rivas, director of employee training and development.

Concepts in Action

Red Mango

15301 Ventura Blvd.

Building B, Suite 470

Sherman Oaks, CA 91403

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www.redmangousa.com

Number of Units: 30

Segment: Limited Service

Parent: Red Mango Inc.

(Privately held)



Red Mango stores are designed to operate in small, inline locations, often in high-traffic shopping areas.



The most popular flavor-topping combination at Red Mango is Original flavor with strawberries.

Affectionately referred to as the “granddaddy” of the new fro-yo concepts by many customers, Red Mango got its start in Korea five years ago. The concept made its way into the U.S. just over a year ago and has already proven itself to be a strong competitor in the battle for fro-yo superiority, billing itself as the original fro-yo concept and the basis for subsequent chains such as Pinkberry. Its menu can be divided into:

- **Frozen non-fat yogurt and toppings**
- **Blenders**

Inside the Menu

Red Mango’s fro-yo is arguably the sweetest among the new fro-yo chains, although it does have a hint of tartness. When it comes to flavors, Red Mango favors simplicity, offering just two options: Original and Green Tea. The company notes that its Original flavor, with strawberries either alone or with another fruit or cereal, is its most popular selection. The Green Tea flavor tastes surprisingly like actual green tea. It is likely that in the future the company will slowly introduce new flavors one by one, but for now Red Mango is all about maintaining the “excitement and originality” of its product. The fro-yo menu is highlighted by:

- **Frozen yogurt**—Original (4-oz. small, \$2.50; 8-oz. medium, \$3.50; 12-oz. large, \$5.50) and Green Tea (4-oz. small, \$3.50; 8-oz. medium, \$4.50; 12-oz. large, \$6.50)
- **+1 Topping** (\$1)
- **+2 Toppings** (\$1.25)
- **+3 Toppings** (\$1.50)
- **Fruit Toppings**—strawberries, mango, raspberries, pineapple, blueberries, blackberries and banana
- **Dry Toppings**—Bear Naked Granola, Captain Crunch, Cocoa Pebbles, Fruity Pebbles, Ghiradelli Dark Chocolate, graham crackers, coconut, mochi and sliced almonds

Fat-free and 90 calories per serving, Red Mango’s fro-yo is a slightly sweet treat that customers can feel good about. Red Mango patrons also value the fact that its fro-yo contains no artificial flavors or colors.

Blenders

For on-the-go customers who seek a more portable way to enjoy their fro-yo, the chain offers Blenders, a drinkable smoothie-like blend of yogurt and toppings. The Blenders menu centers on:

- **Blenders**—a drinkable blend of yogurt and choice of up to three toppings; Original (16-oz. regular, \$4.95; 24-oz. large, \$5.95) and Green Tea (16-oz. regular, \$5.95; 24-oz., \$6.95)

Company Characteristics

Red Mango got its start with the opening of the first unit in Seoul, South Korea, in 2003. Within five years, the chain had grown



The interiors of Red Mango units are noted for their red-and-white color scheme.

to more than 130 units throughout Korea. In 2006, Daniel J. Kim launched corporate operations in the U.S., and the first U.S. units opened in July 2007 near the University of California at Los Angeles campus and in Las Vegas. Additional units followed in quick succession, with the chain marking its 20th U.S. location in March 2008. Today the concept operates 30 units in seven states: California, Illinois, Nevada, New York, Oregon, Utah and Washington. Approximately 70%-80% of U.S. stores are franchised, a proportion that the company hopes to maintain in the future.

The company favors major metropolitan cities as the site of its outlets, with cities such as Los Angeles, Las Vegas, New York and Portland already home to Red Mango stores. The chain anticipates having 50 U.S. units in operation by the end of 2008. Forthcoming units will primarily be located in Los Angeles, Seattle, San Francisco and New York City. The company operates mostly inline units that range from 300–1,500 sq. ft. with a

1,000-sq.-ft. average. Seating is limited, with 10–20 seats typically offered. A single kiosk unit also operates at the Energy Solutions Arena in Salt Lake City, UT; plans are under way for at least four additional kiosk prototypes to open on university campuses and in shopping centers. A forthcoming unit in Seattle’s University Village will mark the chain’s first freestanding unit. Red Mango stores feature an eye-catching, upscale design scheme with red and white as the primary colors. Larger units feature high-backed booths with red-striped upholstery, a mix of red leather chaise lounge chairs and shiny red plastic chairs, white tables and floors and counters of dark wood. Red-and-white floral art hangs on red walls. The design package is both engaging and modern.

Red Mango Inc. believes that its creamy fro-yo and hip environment appeal to a broad customer base. According to the company, the target age range of customers is 16–40. Most customers, it says, either love the taste of yogurt or are health-conscious and seeking healthy dessert alternatives. The company reports that average unit volumes range from \$700,000-\$1 million and above.

Key management of the U.S. operation includes Daniel J. Kim, president and CEO; Moses Kim, vice president of operations; Christine Topolinski, director of retail operations; and Elizabeth Berry, director of marketing and public relations.

Concept Headquarters: Reference Index

Baja Sol, Inver Grove Heights, MN
Bobby’s Burger Palace, Lake Grove, NY
The Counter,* Culver City, CA
FreshBerry Frozen Yogurt Café, Tulsa, OK
Indigo Joe’s Sports Pub & Restaurant, Laguna Hills, CA
Jimmy’s Egg Restaurants, Edmond, OK
Lifeway Foods, Inc., Morton Grove, IL
Mama Fu’s Asian House,* Austin, TX
Nothing but Noodles,* Scottsdale, AZ
Nubi Yogurt, Walnut, CA
Organic To Go,* Seattle

The Original SoupMan, Linden, NJ
Palm Palace Restaurants, Dearborn, MI
Papa Bello Pizza & Subs, Las Vegas
Rising Roll Gourmet, Atlanta
Santa Fe Cattle Co., Brentwood, TN
Smashburger, Denver, CO
Sophie’s Cuban Cuisine, New York City
Starfruit, Morton Grove, IL
Yogen Früz, Markham, Ontario
Yogis Grill Teriyaki & Roll, Mesa, AZ
Zero’s Subs, Virginia Beach, VA

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