

## Issue Highlights

### TCBY turns up heat on frozen-yogurt segment with rebranding

By DINA BERTA

**SALT LAKE CITY (Nov. 12)**—Forget **Pinkberry** and **Red Mango**.

Hoping fans of those burgeoning chain imports from South Korea heed that message, segment pioneer **TCBY** now is offering Mondo Mango and Berry-licious yogurt smoothies as part of a systemwide revamping aimed at keeping pace with the tart-yogurt newcomers.



**Frozen-yogurt pioneer TCBY is updating its menu offerings and the look of its stores to compete with upstart competitors like Red Mango and Pinkberry.**

sense.”

A subsidiary of Mrs. Fields Famous Brands LLC of Salt Lake City, TCBY is renewing its focus to stay true to its full name, “The Country’s Best Yogurt,” said David Hall, vice president of marketing for the dairy division of Mrs. Fields.

Now a \$6.3 billion industry, according to the foodservice consulting firm Technomic Inc., the frozen-desserts category is much more crowded than in 1981, when TCBY opened its first store in Little Rock, Ark. That current crowding is a reality even though Salt Lake City-based TCBY had seen the formerly faddish frozen-yogurt segment fall into decline for more than a decade, including the closure of thousands of its own brand’s locations.

Recently, however, the Korean-style yogurt concepts Pinkberry and Red Mango have developed cultlike followings in Los Angeles and New York. And before that phenomenon, there was an explosion of outlets from such premium ice cream chains as **Maggie Moo’s**, **Cold Stone Creamery** and **Ben & Jerry’s** as more fast-food restaurants have added frozen yogurt, smoothies or frozen custard to their menus.

In the face of all that, any reimagining TCBY can do will help, said Darren Tristano, executive vice president of Chicago-based Technomic.

“They’ve fallen off in number of units in the past few years, and from what I’ve seen, they seemed a little confused,” he said. “They did a lot of tie-ins with other brands and co-branded with other restaurants. They had shifted their focus to offering more than just yogurt. If the new vision is focused on making yogurt popular again, it makes perfect

A subsidiary of Mrs. Fields Famous Brands LLC of Salt Lake City, TCBY is renewing its focus to stay true to its full name, "The Country's Best Yogurt," said David Hall, vice president of marketing for the dairy division of Mrs. Fields.

The chain has removed ice cream from its stores and now offers hard, hand-packed yogurt as well as soft-serve yogurt. TCBY improved the quality of its yogurt this year, switching to yogurt with seven types of active cultures.

"We didn't keep pace with the consumer's changing perceptions or needs as rapidly as we needed to," Hall said. "We're coming back and really understanding what consumers want today and providing them with great-tasting, great-for-you yogurt products."

New menu items, an emphasis on the healthy aspects of low-fat and nonfat yogurt, a brighter look to the stores and operational improvements are all designed to drive sales and store growth, Hall said.



**TCBY has removed ice cream from its menu in order to focus solely on its key frozen yogurt business.**

Once comprising more than 3,000 stores, TCBY now has more than 700 domestic units. Mrs. Fields purchased the troubled chain in 2000. The parent company also franchises such snack concepts as Mrs. Fields' Original Cookies and Great American Cookies. Earlier this year, the company sold its pretzel concepts, Pretzelmaker and Pretzel Time to New York-based NexGen, the parent company of the Maggie Moo's and **Marble Slab** premium ice cream brands.

Last month, Mrs. Fields also appointed executive vice president and chief financial officer Greg Barber president of the TCBY brand. Previously, Mrs. Fields chief executive and president Stephen Russo had led the yogurt chain.



**TCBY's U.S. system once had about 3,000 units and now numbers around 700 locations. The brand was sold to Mrs. Fields in 2000.**

TCBY started working with franchisees late last year to revitalize the concept and improve operations, said Todd Bertagnole, a Casper, Wyo., franchisee who is also president of TCBY's Franchisee Advisory Board.

So far, the results have been positive for those franchisees who undertook menu and store changes this summer, he said. The franchisor is sharing the costs of the redesign, which is expected to be completed by the end of next year.

"We're seeing 8-[percent] to 10-percent sales increases in same-store sales for the refreshed stores," said Bertagnole, who has three units in Casper that are co-branded with **Subway** restaurants.

The changes for TCBY units included updated POS systems and operational improvements to lower production costs, he said.

"In a lot of cases, we ended up with 6 percent to our bottom line when all was said and done," Bertagnole said.

Hall declined to comment on average unit sales for TCBY. Total revenue for the franchisor, including sales royalty fees and other

income from both domestic and international units, is around \$10 million, he said.

TCBY is strongly focused on helping franchisees improve their business so the chain can begin to open more units, Hall said.

"It all comes back to their success is our success," he said. "As they become more successful, then our success will follow theirs."

TCBY has improved its communication efforts with franchisees, Bertagnole said.

"They listen when we voice our opinions," he said. "We may not always agree, but we are working through a pretty strong relationship with them."

Source: Nation's Restaurant News

Date: Nov. 2007

Circulation:66,781