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Success of healthy fast-food triggers series of franchises

BY ROBERT MULLINS
rmullins@bizjournals.com

Matt Phipps's fast-food-that's-good-for-you eatery, Blendz, had been open only a few weeks in Campbell when the questions started.

"Is this a franchise?" he says customers asked him when Blendz opened its doors in July 2003. "I had serious offers in the first month we opened."

Today, Mr. Phipps, owner of Blendz Inc., can answer yes to that question. Blendz, with three company-owned outlets, awarded its first franchise to a couple who will open a Los Gatos outlet in the next few months.

It hopes to expand further into California, as well as into Nevada and Arizona in 2005.

Blendz is one of three new franchises opening in Silicon Valley for consumers who want healthy food, served quickly.

Smoothie King, which opened its first local franchise at Santana Row, and Camille's, which opened along Blossom Hill Road, both in San Jose, feature similar concepts. Although fruit drinks, salads and low-fat foods are not new menu creations, it is the execution of the store concept that makes a franchise succeed or fail, says a franchise consultant.

"If you are looking to get into the food business, what you want to do is get in the way of the traffic," says Dan Rowe, chief executive officer of FranSmart LLC, of Alexandria, Va., a franchise development firm.

A restaurant featuring Indian or Middle Eastern food, while relatively unusual, may not attract a wide audience, Mr. Rowe says; building on an already proven concept is the better way to go.

Blendz, Camille's and Smoothie King represent a trend in quick-service dining, not a fad, he says. "A fad is kind of here today, gone tomorrow. A trend is more a way of life."

Blendz features items such as blended fresh fruit drinks, called smoothies, freshly made salads and panini bread

sandwiches. There are no deep fryers in Mr. Phipps's 1,100-square-foot store,

Mr. Phipps and his wife, Denise, opened the first Blendz in Campbell's downtown shopping district. It operates two other stores of about 800 square feet each, one of them at a car wash. The strategy is to put its stores where people have idle time, such as the 15-minute wait to get their car washed. A third location inside a BMW dealer on Stevens Creek Boulevard opened Oct. 15. Mr. Phipps hopes to open other outlets in office building lobbies, airport terminals and movie theaters.

Smoothie King opened at Santana Row about two months ago, the chain's first Northern California location. The 340-store chain opened in 1973 in New Orleans, says owner Chip Wilkes.

Besides smoothies, the company calls its store "a nutrition lifestyle center," says Mr. Wilkes, offering health and nutrition advice to customers, including in-store classes.

Camille's, based in Tulsa, Okla., offers a similar menu to Blendz or Smoothie King, but with a European-style outdoor bistro theme. A Camille's in San Jose is already open and another is scheduled to open Dec. 1 in Campbell. The company has 20 franchise deals signed in the Bay Area and a total of 500 franchises in development, says Mr. Rowe.

FranSmart has nurtured some of the most successful food franchises. Mr. Rowe helped launch the Qdoba Mexican Grill Restaurant chain in 1995, which features more unusual, more flavorful Mexican food dishes than the standard burritos or tacos of other restaurants. Qdoba was acquired in 2003 by Jack in the Box Inc., for \$45 million.

While it may seem obvious, the secret to a successful franchise is that the first store be profitable, he says. That shows potential franchisees that they can make a profit, too. Blendz is profitable, but Mr. Phipps declined to provide specific information. A franchisor also needs to help franchisees



DENNIS G. HENDRICKS

TRENDY BLENDZ: Matt Phipps, owner of the newly opened Blendz in Campbell, is offering Blendz franchises.

find a location, local suppliers and learn marketing, hiring and accounting practices.

A Blendz franchise sells for about \$25,000, plus \$10,000 for training and a franchise fee of 6 percent of sales.

Also obvious is that the food must taste good, says Mr. Rowe. It used to be that consumers would sacrifice the quality of the food for the convenience of getting it quickly. Not so today.

And if a franchise touts its food as "healthy" it should mean that. Mr.

Rowe saw a quick-service restaurant in an airport terminal with an all-turkey sandwich menu, noting turkey is lower in fat than chicken or beef.

"Every single sandwich on the menu came with mayonnaise," he says.

ROBERT MULLINS covers media, marketing, retail, education and other subjects for the Business Journal. Reach him at (408) 299-1829.