

Mazzio's inks deal with Fransmart

8/27/2009 /The Journal Record



The new Mazzio's Pronto restaurant in Wagoner.
(Photo by Rip Stell)

by Kirby Lee Davis

TULSA – Mazzio's Corp. has signed a franchising agreement with Fransmart to grow the Tulsa Italian food chain from 170 to 1,000 locations.

The key could reside in a new restaurant brand making its debut in Wagoner.

At 2,130 square feet, the Mazzio's Pronto uses 45-percent less space than a traditional Mazzio's Italian Eatery. That footprint allows the Pronto concept to enter lifestyle shopping centers, infill locations or smaller communities that might not support a stand-alone Mazzio's – and at a much lower entry cost.

"We're targeting under half a million dollars," said Greg Lippert, president and chief executive of Mazzio's Corp. of Tulsa. "We believe you have to be in the range of a \$400,000 to \$500,000 cost of entry to really be marketable to new franchisees and new investors."

The reduced size trades lower seating – around 75 – and subsequent lower sales volume for more manageable operating costs and employment. Lippert said Pronto retains about 85 percent of the Mazzio's Italian eatery menu.

"We took out some of the slower-selling items that were not the top sellers to keep the kitchen smaller and ease of operation better," he said. "The items that our customers know and love are there."

"Our goal is to have a two-to-one sales investment ratio," he said of projected sales. "Right at this point, we are meeting that goal."

Mazzio's intends to analyze results from the 20-employee, company-owned Mazzio's Pronto at 1520 Highway 51 in Wagoner for several months before considering other locations or marketing the results to franchisees.

Lippert sees the Mazzio's Pronto concept as growth material both inside and outside the company.

"Even though we have over 100 locations in Oklahoma, we still have smaller towns like Wagoner that we've never been in before," Lippert said. "This allows us to go into smaller markets with new potential. We also have an affordable investment vehicle for new markets, one with an acceptable return on investment."

Analyst James Kenderdine said these moves made good sense in this national recession.

"That's one of the things that Applebee's has been very successful at," said the professor emeritus of marketing and supply chain management with the University of Oklahoma Price College of Business. "Their footprint is small enough that they can go into a small town that cannot support another franchise restaurant. Applebee's can go into a small town and become in effect the de facto restaurant in that town. Mazzio's could do the same thing."

Kenderdine said the smaller concept provided a strong tool for a firm like Arlington, Va.-based Fransmart, the franchise development company behind Qdoba, Five Guys Burgers & Fries and Zpizza.

“That’s the company that’s been very successful at that,” he said. “They work with a company that’s got a good concept but they help them work with more units. They help them refine the concept.”

The smaller footprint also opens the doors to co-branded travel stops along interstates.

“Branded food service at one of these travel stops or convenience stores can boost food sales by 10 to 20 percent over what they would have been, just because it’s branded,” Kenderdine said. “I know Love’s has gone almost exclusively to using branded food service with their stops and I’m sure QuikTrip recognizes the value of that, too.”

Fransmart pointed to several strengths in the Mazzio’s chain, from making Technomic’s and Pizza Marketing Quarterly Magazine’s top pizza chain lists to reaching Chain Leader Magazine’s annual “Best Places to Work” report.

“The timing has never been better to be a tenant looking for locations,” Fransmart CEO Dan Rowe said in a press release Wednesday. “The concept is universally appealing and their franchise program is exceptionally well structured to support new unit growth.”

With 171 units in its fleet including the upper-scale Oliveto restaurant in Tulsa, 66 of those company owned, Mazzio’s will continue to grow its larger Italian Eateries spread across 10 states. Lippert said the company has renovated 25 locations over the last four years to modernize their look and appeal.

“It worked for us a number of years,” he said of stand-alone stores. “But with this method, you’re really sharing the responsibilities of the demographic and traffic with other retailers. You’re not just relying on yourself.”

Pronto also gives Mazzio’s Corp. a potential vehicle to spread its concept beyond its five core states: Oklahoma, Texas, Arkansas, Mississippi and Missouri.

“From our perspective, providing a lower-cost-of-entry concept would be more manageable with a concept such as Pronto than with a standard Mazzio’s building,” Lippert said. “It allows us to have the brand to be more significant on a national level.

“Nowadays real estate is very expensive,” he said. “It’s not so much the economy. It’s the cost of the investment for new franchisees new investors. They would rather have a lower cost of entry, even with lower sales.”

Pronto builds its brand on the same graphic elements used by Mazzio’s.

“Pronto gives us the ability to communicate convenience, speed of service,” Lippert said. “It was really just taking what we had and fine-tuning the menu. We had already done the re-imaging process and our image alignment process several years ago. We knew what we were targeting. We just wanted to do it in a smaller space.”

--Copyright © 2009 The Journal Record All Rights Reserved