54th Annual IFA CONVENTION
DRIVING GROWTH in CHALLENGING TIMES
FEBRUARY 22-25, 2014 | NEW ORLEANS CONVENTION CENTER/
HILTON RIVERSIDE & TOWERS | NEW ORLEANS, LA
Our Mission

World Class Ops

YOY Sales and Profit Growth

Contribute to:
- Employees
- Community

DRIVING GROWTH in CHALLENGING TIMES
• Apex Restaurant Management owns and operates 189 units throughout the US
  – Stand alone Brands
  – Co-Brands: 28 KFC/TB; 8 KFC/LJS; 31 LJS/A&W
  – 5500 Employees
  – $200 MM in gross sales
Three Pronged Approach To Media/Marketing

National Media

Individual Store Marketing

Local Co-op Media
All Three Marketing Strategies Contribute To The Success Of Big Brands

- Efficient
- Broad in Reach

National Media

Co-op

- Common Goal
- Regional

- Unique
- Actionable
- Own-able

Individual Store Marketing
Local Store Marketing
The Winning Equation Is Simple

Analysis + Creativity + Execution = Results
Innovation: It Doesn’t Have To Be A National Initiative

- Understanding the needs of your consumer/trade area
- React in a timely manner
- Creative marketing materials
SHAKE IT UP, KANSAS CITY
Real Ice Cream Shakes

Billboards
Your wife is hot.
Better get your A/C fixed
AIR AROUND THE CLOCK
A/C & APPLIANCE SERVICE 1-800-741-1033
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Sidewalk Advertising

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Semi Truck!
Bike Rack

Tree Disguise / Food Court
Electric Switch?
Community Involvement Is A Priority

Connecting with the community creates loyalty you can’t buy

**THE DETAILS**

**WHAT:** 10,000 Hot, Fresh KFC Meals  
**WHEN:** November 22, 2011  
**WHO:** 12,000 Local Residents  
**HOW:** The KFC Family pulled together to give back to their community

**DRIVING GROWTH in CHALLENGING TIMES**  
DRIVING GROWTH in CHALLENGING TIMES
“Profit Is NOT a dirty word”

Dave Thomas, Founder Wendy’s International Inc.
Toni Clem

• President, COO
• Creative Alliance
Outline

• Consumer trends
  – Optimism
  – Spending
• Competitive QSR spending
• Traditional TV-driven QSR marketing model
• Alternative “go-to-market” strategies
Diverging Behavior

CONSUMER TRENDS
Consumer Optimism: BIG GAP

Optimism at the high end continues to rise, while the low end is now declining.

Question: How would you characterize the current state of the U.S. economy compared to one year ago?, % of respondents indicating optimistic by income segmentation.
Core LJS Demo Reduces Spending

... however, this quarter only high income HHs are spending more while low income HHs pulled back.

Question: Over the past 3 months rank your spending with 0 being reduced spending and 10 being spending a lot, average of all categories by income demographic.
Small Brands Need a New Model

COMPETITIVE QSR SPEND
2013 Broadcast Ad Spend Vs. Sales as Pct Prev Yr

<table>
<thead>
<tr>
<th>Brand</th>
<th>Sales Pct PY</th>
<th>Est. Ad Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taco Bell</td>
<td>2%</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>McDonald’s</td>
<td>0.50%</td>
<td>$1,000,000,000</td>
</tr>
<tr>
<td>KFC</td>
<td>-2%</td>
<td>$170,000,000</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>-2%</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Long John Silver’s</td>
<td>-6%</td>
<td>$18,000,000</td>
</tr>
</tbody>
</table>

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New Product / Calendar Driven

TRADITIONAL QSR MODEL
Traditional QSR Marketing Model

Calendar Driven Activity
- Product News
- Value

Media:
- TV first, 4-6 week flights with as much weight as possible
- Local Print & Spot TV if affordable

Social/Digital:
- Low investment targeted primarily at brand engagement and on-line coupons

Merchandising:
- Support TV Offer At Street Level
- Protect check with trade up’s
- Support secondary product messages

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Back to the Future

ALTERNATIVE MODEL
### 2014 New Paradigm

**10X National/Local 1st of Month Print Plan:**
- Drive product awareness, trial and value and profitable transactions

**Brand Consideration ... TV Creative:**
- Disruptive, memorable creative that puts LJS back in the QSR consideration set
- Media pulsed 1st and 15th – Not promotionally driven – No price point

**Product/Menu News:**
- New Menu (filling menu gaps and delivering on quality and variety)
- Seasonal News (not promotional windows)

**Social/Digital/Text:**
- Support product news
- Communicate Brand Story

**Merchandising: Reduce “clutter”, maintain focus**
- Support product news, “What’s New” Zone (Value & Variety)
- Communicate Brand story ... Quality, Responsibility, Brand Journey

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**DRIVING GROWTH in CHALLENGING TIMES**

Mike Kern
CEO
Long John Silver’s
How to Use Minimum Dollars, and Get Maximum Results

• Focus your messages
  > The more you try to say, the more you need to spend to say it effectively

• Utilize all touch points for messaging in a disciplined, consistent manner

• Be bold & provocative with your message
  > Step out of the sea of sameness........create buzz
How to Use Minimum Dollars, and Get Maximum Results

• Turn your order takers into sales people........educate your customers about your products and services.
• Fish when, and where, the fish are biting
• Leverage your web site and social media........they’re free...........engage your customers.
How to Use Minimum Dollars, and Get Maximum Results

• Find and add to your team a talented communications planner

• Be aware of the herd mentality of old business models

> Why play by someone else’s rules?

> Why do something because “it’s always been done this way”? 
LTO: Limited Time, or Life Time, Offer?
LTO: Limited Time, or Life Time, Offer?

• Advocate the “Discipline” of Limited Time
  > Set consumer expectations, reduce confusion or disappointment

• Set the operator up for success
  > Avoid adding permanent s.k.u.’s and additional complexity to ops
LTO: Limited Time, or Life Time, Offer?

• Maintains a strategic approach to managing the menu............versus knee jerk that over time will erode the strategy behind, and performance, of the menu

• If something is truly magical or an unexpected winner, let it earn its way onto the menu
LTO: Limited Time, or Life Time, Offer?

• There is a difference between a new offering within an existing subset of the menu (e.g. a new burger build in a burger place) versus a one off that creates a whole new section of the menu (pizza in a burger place)
Manish Patel

OWNER

MITRA GROUP
Which Is More Important, the Top Line or Bottom Line?

• Both need to be strong
• And they need to work together

...for success!

IFA CONVENTION
DRIVING GROWTH in CHALLENGING TIMES
National Marketing Drives Healthy Top Line

• National Marketing Drives Transactions
  – Brand Image
  – Marketing Strategy
  – Advertising
Developing a *Healthier* Bottom Line

- Efficiencies and Cutting Cost
- Driving Revenue by Selling More *and* Selling More Profitable Products
Building a Healthier Bottom Line Through Local Marketing

• Increase Frequency
• Steal Occasions from your Competition
• Promote Profitable Products
A Healthier Bottom Line

✓ Increase Frequency
  • Great Customer Service
    • Service with a Smile
    • Treat your customers like family
    • Provide great food on time
  • Local Store Marketing
    • Be There...In The Community
      • Charity, Fundraising, Local Events, Cross Promotions
      • Local Store Marketing drives goodwill and keeps the brand top of mind
A Healthier Bottom Line

✓ Steal Occasions from your Competition
  • Relevant products
    • Product offerings with a local flair
    • Stay true to your Brand
  • Right Value/Pricing Structure
    • Know your market, know your competition
    • Determine where your Brand fits in the Pricing Structure
A Healthier Bottom Line

✓ Promote Profitable Products
  • Menu Design
    • Most profitable products in key menu position
    • Bundle the right products to maximize profits
  • Suggestive Sell
    • Trade-up to Meal
    • Add-on appetizers, desserts, drinks
So Which Is More Important, the Top Line or Bottom Line?

• A Healthy Top Line is Imperative
• But how healthy your Bottom Line is, is up to you!
Give Us Your Feedback!

- Log on to the IFA App.
- Find our session under the appropriate day on the Schedule Tab.
- Click on the green button that says “Tap here to take a survey for this event.”
- Follow along with the instructions.

It will take just a minute or two but will help us for future programming! Thank you!!