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Chicken chains plump up in Atlanta

By Lisa R. Schoolcraft

STAFF WRITER

Four chicken restaurant chains think Atlanta will add sizzle to their sales.

Bojangles' Restaurants Inc., Popeyes Louisiana Kitchen, **Chick-fil-A Inc.**, and Church's Chicken plan to add roughly 55 stores collectively to the Atlanta market within the next three years.

Both Bojangles', based in Charlotte, N.C., and Popeyes, owned by Atlanta-based **AFC Enterprises Inc.**, expect to double their size in the market.

Fried chicken is big business and Atlanta-based companies are well represented.

KFC Corp., based in Louisville, Ky., is the top quick-serve restaurant in the chicken category, according to QSR, a trade publication for the quick-serve restaurant (QSR) industry. KFC had sales of \$5.2 billion in 2009, QSR reported.

Atlanta-based Chick-fil-A ranked second among chicken quick-serve restaurants, with sales of \$3 billion last year.

Popeyes ranked third with \$1.3 billion in sales, while Atlanta-based Church's ranked fourth with \$1.2 billion in sales.

Athens, Ga.-based **Zaxby's**, which declined to make a spokesman available,



Rapid expansion: Bojangles' plans to add 25 locations in the next three years. The eatery plans to open its 500th restaurant in early 2011.

ranked fifth with \$664 million in sales in 2009.

Bojangles' ranked eighth with \$607.9 million in sales.

Spreading their wings

Bojangles' has 29 restaurants in metro Atlanta, but plans to add 25 locations in the next three years.

A restaurant is under construction in

Winder and Bojangles' is working with a franchise group in the Stockbridge area, said Eric Newman, Bojangles' executive vice president.

Restaurants are planned for McDonough, Hiram, Fayetteville and Jonesboro "and we have various other conversations with other groups [for developments]," he said. "Georgia remains one of our focuses."

Newman is hopeful the privately held

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company will build 25 new restaurants in metro Atlanta over the next three years. That represents about a \$1.5 million investment per location, he added.

Several years ago, Bojangles' expected to add 65 stores in metro Atlanta by 2012, but failure by some franchisees to meet "the original expectations" and the recession curtailed that growth, he said.

"We're a regional company, but we have maintained a rate of growth that has only slightly slowed down in the recession," Newman said. "We've been determined to maintain that. We still have a lot of open territory [in metro Atlanta]. The closer into Atlanta, we don't have the penetration that we want."

Bojangles' expects sales of more than \$725 million in 2010 and should open its 500th restaurant in early 2011, Newman added.

Privately held Chick-fil-A has the highest restaurant count of the chicken concepts expanding in the market.

Chick-fil-A has 110 restaurants in the metro Atlanta market, said Woody Faulk, vice president of brand strategy and design.

A store in Winder opened this year and the company expects to open five new stores in the market in 2011 and two in 2012.

For Chick-fil-A, expansion "is a delicate dance," Faulk said. "If you get [restaurants] too close, you split the income and sales.

We strive for convenience for our customers and profitable stores."

Popeyes has 44 stores in metro Atlanta and is "aggressively looking for opportunities," said Ralph Bower, chief operating officer for the company.

Bower said the company does not disclose data on its development pipeline, but nationwide "we think we can double

the number of opportunities and that opportunity holds true for Atlanta as well," he said.

The Atlanta market has been outperforming the rest of the country for Popeyes, Bower said, "and we think this is a big opportunity for development. We are under-penetrated throughout the whole market."

Popeyes restaurants are concentrated inside the Perimeter and "our biggest opportunities are probably outside the Perimeter," he added.

Nationwide, Popeyes expects to grow 4 percent to 5 percent per year, but Atlanta will likely grow slightly more than that, Bower said.

"Because we have a decent footprint in Atlanta, it makes it even easier to expand from that footprint," he said.

Church's Chicken, owned by Atlanta-based private equity firm **Arcapita Inc.**, has 49 restaurants in the metro Atlanta area and plans to add 11 more over the

next three years, said Brian Blosser, senior director of construction and real estate.

Two opened in the past three months, seven in the past year, he said.

The 11 future openings represent about a \$7 million capital outlay, Blosser said.

"There is still plenty of opportunity [for expansion]," he said, "especially more toward the suburbs. We spent most of our time penetrating the interior areas."

Adding variety

Americans ate 58.8 pounds of chicken per person in 2008, the latest data available from the **U.S. Department of Agriculture**. That's down from a peak in 2006, when Americans ate 60.8 pounds of chicken per person.

Despite the publicity and expansion of hamburger and other restaurant concepts, Blosser believes chicken concepts continue to do very well. "Folks are reinventing themselves in the category," he said. "They are adding variety to the menu."

One of the most notable reinventions was industry leader KFC adding grilled chicken to the menu, Blosser said.

That's true of other chicken concepts as well, according to **Mintel International Group Ltd.**, a consumer products research firm with its U.S. headquarters in Chicago.

"The chicken segment is subject to an increasing amount of competition as other QSRs ramp up chicken offerings," Mintel's 2009 report on quick-serve restaurants said.

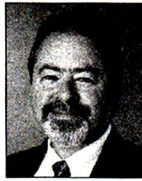
The most successful chicken restaurants are those that have a specific niche, the report said.

Chick-fil-A aligns itself as an alternative to traditional burger restaurants rather than promoting itself as a typical chicken restaurant focused on offering fried chicken, the report said.

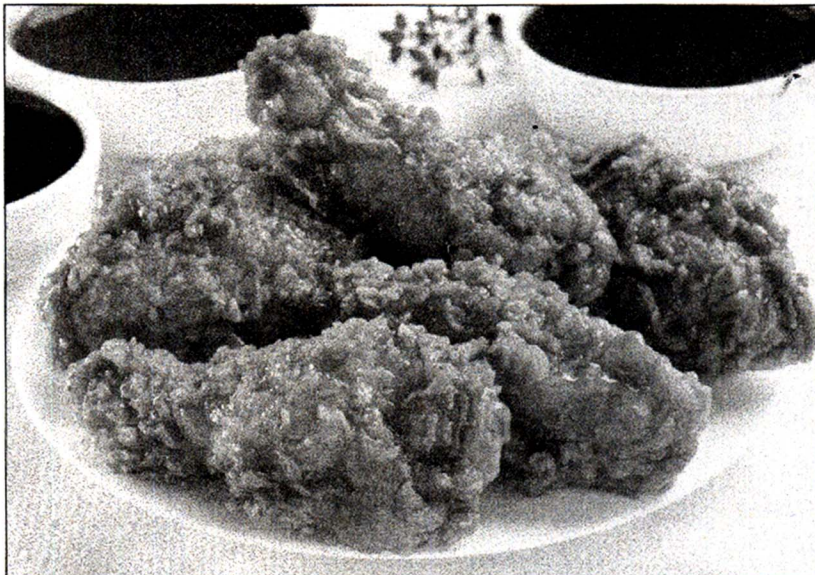
Bojangles' and Popeyes both feature Cajun-influenced menus, but Bojangles' menu differentiates itself by its all-day breakfast offerings, Mintel said.

"The chicken category is trying to reach out to more people," Blosser said.

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Newman
Bojangles'
Restaurants Inc.



Finger lickin': Fried chicken is big business and Atlanta-based companies are well represented.

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