

Long Island Business NEWS

JAN. 14-20, 2011 | VOL. 58 | NO. 2 | \$2.00 | libn.com



The healthy side of fast food

Calorie war

Island eateries on the front lines of new bulge battle

By GREGORY ZELLER

Uncle Sam is flexing more muscle over America's bloated belly. From Michelle Obama's South Lawn garden to Capitol Hill's new truth-in-calories laws, Washington is trying to help the masses lose some mass, and the restaurant industry is scrambling to comply.

But restaurateurs and marketers face a outside challenge: convince a society that adores its saturated fats that healthy and low-calorie foods can taste better than their wrappings.

Anthony Leone, founder and president of Manhattan-based Energy Kitchen Inc., thinks he can do just that, and he's not alone. Stalwarts including Panera Bread and Applebee's are retrofitting menus to include less-weighty options.

And although Leone's health-conscious brainchild – tasty fast food without the angioplasty – may be ahead of the curve, competing against the hefty marketing budgets and name recognition of the big chains may prove too much to bear.

Launched in 2004, Energy Kitchen serves a menu of familiar and comforting choices, each under 500 calories. Yolkless egg sandwiches and bison burgers headline



Jesse Giordano: Pioneering healthy fast food for Long Island.

a menu that currently graces 10 Greater New York restaurants (nine in Manhattan, one in Hoboken, N.J.), and Leone – a former Boston Market district manager – envisions 1,000 new locations over the next decade.

Jesse Giordano, a Glen Cove resident, signed a Nassau County development agreement with Energy Kitchen. Leone said Giordano is required to open three Energy Kitchens by 2013 and is looking hard at Carle Place, Greenvale and Manhasset, among neighboring locales.

The expansion plan – slated to include 50 new restaurants in Manhattan, the boroughs, Westchester, New Jersey and Long Island – is fueled by a 2008 investment

partnership with Vitaminwater cofounder Mike Repole, who sold his healthy beverage brand to Coca-Cola for \$4.1 billion. Repole was a customer of one of Energy Kitchen's first Manhattan stores, according to Leone, and "he would ask me what flavors were selling and who's buying them, like a little focus group."

"He bought into our vision," Leone added. "We struck up a kinship."

Leone would not put an exact number on Repole's stake – "over seven figures, but not eight" – but did call the billionaire investor Energy Kitchen's majority shareholder and credited him with significantly advancing the company's strategy.

"I thought we could get to 100 stores without Mike," Leone said. "His partnership has enabled us to build an infrastructure for sales, marketing, operations, training ... now we're primed to go across the nation. We have over 500 prospects looking to open up franchises."

Giordano, who's working with commercial broker Ripco Real Estate on identifying appropriate properties, referenced "active negotiations ... with a few different sites" and said his goal is to open in Carle Place by May, followed by openings in Greenvale (or Roslyn) in 2012 and Manhasset (or Hicksville) in 2013.

"We're pioneering the healthy fast food market," said Giordano, who's worked in financial services for 10 years and boasts prior restaurant-management experience. "People want to eat things they're comfortable eating. They want burgers and wraps. But when they want to eat healthy, there aren't a lot of options.

"You can still have the things you love to

eat, but we put those meals together a different way," he added. "You can still have an egg sandwich. You can still have a burger."

Franchisees like Giordano receive extensive support from Energy Kitchen corporate, according to Leone, including financing, training and marketing services. In return, each gives 5 percent of sales to the parent.

As Energy Kitchen surges, several existing chains are retuning their menus. With a wink toward "freshly made New Year's resolutions," a press release issued this week by Missouri-based Panera Bread trumpets the arrival of new "calorie-conscious menu offerings," while Kansas-based Applebee's – the self-titled "world's largest casual dining chain" – is rolling out a trademarked "Under 550 Calories" entrée line.

"People are definitely trying to eat smarter," noted Kurt Pahlitzsch, Applebee's director of New Jersey and Long Island operations. "As we provide more flavor and flare with these better-for-you options, we're seeing a lot of reorder intent ... people are very surprised with the amount of food you can have for under 550 calories."

The other hurdle, of course, is convincing diners that healthy food can be tasty. Citing "proprietary products", Leone referenced development teams constantly tinkering with new recipes and third-party laboratory testing for calorie and carbohydrate content, but said taste-testing is left to customers.

"If people can eat healthily without sacrificing taste, they will," Leone said. "This is not a fad diet. This is the direction we're going. People are more observant about what they're putting in their bodies. We're just taking the thinking out of health."