

Competitive Update

6/1/2010



Promotion | 5/26/2010

Tetherball, an industry leader in mobile loyalty and rewards solutions, and Star Chasers Oklahoma, announced the launch of the mobile rewards program for Carl's Jr. Oklahoma stores. The chain has chosen Tetherball's mobile marketing solution to connect with customers and make it even easier for them to get great offers. The Carl's Jr. Mobile Rewards program is up and running in 37 Oklahoma locations and two Northern Texas locations – and has seen redemption rates as high as 39%. Customers opting into the program receive, on average, one text coupon offer per week. Text offers include special promotional codes within the message that allow stores to keep track of redemptions via their point-of-sale systems.



Promotions: Food | 5/24/2010

Chick-fil-A is "fired up" over its newest product offering. Beginning June 7, Chick-fil-A restaurants nationwide will offer a new Spicy Chicken Sandwich, the chain's first new sandwich to hit menu boards since its Chargrilled Chicken Sandwich was introduced in 1989. The new Spicy Chicken Sandwich is hand-breaded, seasoned with a fiery blend of several peppers, pressure-cooked in 100 percent refined peanut oil and served on a toasted buttered bun with dill pickle chips. The new Chick-fil-A® Spicy Chicken Sandwich starts at \$2.99 and is also offered in a "deluxe" version that includes lettuce, tomato and Pepper Jack cheese for \$3.59. The Spicy Chicken Sandwich will officially be added to the Chick-fil-A menu on June 7, but the chain is giving customers nationwide a chance to taste the sandwich for free during a special Premiere Week event prior to the rollout. Beginning May 24, customers can go to www.getspicychicken.com to reserve a time to visit a local Chick-fil-A restaurant between May 31 and June 5 to receive a complimentary Spicy Chicken Sandwich. Chick-fil-A's Spicy Chicken Sandwich has been in some form of test for years. The chain market-tested the sandwich in Jacksonville, Fla. and Baltimore, Md., and then expanded the test to include its restaurants in California last spring. Customers gave the sandwich a 4.4 out of 5 rating on overall taste and the Spicy Chicken Sandwich continues to account for at least six percent of overall sales at the test restaurants a year-plus later – about the same amount of Kid's Meals the chain sells. The Spicy Chicken Sandwich rollout will be Chick-fil-A's largest product introduction in some 20 years.



Promotions: Food | 5/26/2010

Dunkin' Donuts is making National Donut Day a little sweeter with a special free nationwide donut offer to help people celebrate the joy and fun of donuts. On June 4, 2010, participating Dunkin' Donuts restaurants nationwide will offer every guest a free donut of their choice, with the purchase of any beverage, limit one per customer. Also on National Donut Day, Dunkin' Donuts will announce the winner of its second annual "Create Dunkin's Next Donut" contest. From nearly 90,000 donut creations submitted online, a dozen finalists traveled to Dunkin' Donuts University in Braintree, Massachusetts earlier this month to compete in a bake-off competition before Dunkin' Donuts' culinary team and company leaders. One of the 12 finalists will win a \$12,000 grand prize and have their winning donut sold in participating Dunkin' Donuts restaurants throughout the country. National Donut Day, held the first Friday of June each year, was founded by the Chicago Salvation Army in 1938 to honor the women who served donuts to soldiers in World War I.

Advertising | 5/24/2010

It's time to unthink KFC -- again. This week, the chain is rolling out its first global tagline, "so good," which marks its fifth change in ad direction in almost as many years. But this time, KFC plans to stick to its strategy. "We've been very impatient," said Javier Benito,



KFC's exec VP-marketing and food innovation. "When you look at brands that have been with the same taglines for many years, they do well because they're consistent." He cited Nike and Coca-Cola as standouts. Waffling from fried to grilled and back has fostered confusion for KFC consumers. For example, most don't know the chain sells sandwiches, which is where much of the growth is. Compare that to rival Chick-fil-A, which has grown market share in part because of close association with its flagship fried-chicken sandwich. KFC needed a perception of balance on the menu and a value platform, which was introduced earlier this year and now comprises at least 8% of sales. Enter "Unthink."



Expansion/ Company Growth | 5/22/2010

As McDonald's executives pledged to spend \$1 billion in an ongoing effort to upgrade the chain with a new more "relevant" design, franchisee Richard Bechguenturian Jr. has unveiled his version of the next-generation restaurant in the Los Angeles neighborhood of North Hollywood. Local designer Ed Webb helped remodel the store, which features an 88-seat dining room with a mix of booths, high tables and low tables with unsecured Emeco aluminum chairs. At the center is a lounge area with vinyl soft couches, where guests might sit with their laptops and a coffee, taking advantage of the unit's free WiFi. Murals decorate the walls, and the unit's front window resembles a puzzle playfully patterned with the faces of local customers and Ronald McDonald and that also serves to partially block the view of auto body shops across the street. Bechguenturian said he doesn't plan to bring the same look to other units, though he does plan to continue upgrading the family's restaurants. The remodels are being done in partnership between corporate and franchise operators. The corporate office is contributing an estimated \$150,000 to \$200,000 and franchisees are covering the estimated difference of \$250,000 to \$500,000, depending on the design.



Promotions: Food | 5/25/2010

Last month, Papa John's asked its loyal customers to share their ideas for the next great specialty pizza on Facebook as part of the company's first ever "Papa's Specialty Pizza Challenge." Thousands of recipes later – and with three weeks still remaining in the contest – Papa John's finds itself sifting through a number of top contenders. Recipes have been inspired by far-away places. There's "The Big Texan" from a customer in Cambellsburg, Ind., "The Kentuckian" from a Papa John's fan in Las Vegas, Nev., "Mediterranean Medley" in Dayton, Ohio, plus hundreds of interpretations of what constitutes a "Hawaiian" pizza. Pizzas have also been named in honor of loved ones, like "Dad's Ham & Cheese" in Lexington, Ky., "Mom's Not Cooking Tonight!" in Overland Park, Ks., and "Grammy's Favorite" in Valparaiso, Ind. Through June 14, participants can enter "Papa's Specialty Pizza Challenge" where they will be asked to create and name their very own specialty pie on Papa John's fresh, never frozen original dough with sauce, cheese and a combination of up to seven Papa John's better ingredients, including: Fresh-Packed Tomato Sauce, Cheese made from 100% mozzarella, 100 percent Real Meats: Bacon, Beef, Ham, Grilled Chicken, Pepperoni, Sausage, Spicy Italian Sausage, Fresh-Cut Vegetables, and Other high-quality ingredients: Including baby portabella mushrooms from Greece and black olives grown in the rich soils of southern Spain. Participants must also share in 250 words or less what makes their pizza so special for a chance to win. Judges will take the pizza creation, the pizza name and the story into consideration when completing their score sheets. All entries are being featured in a gallery on Papa John's Facebook page, from which "Papa" John Schnatter himself and his team of experts will choose ten semi-finalists. Those ten recipes will then be tested and tasted by Schnatter, a secret celebrity judge and other judges at company headquarters in Louisville, Ky. Schnatter, who personally developed many of the specialty pizza combinations currently offered by Papa John's, and the other judges will trim the choices to the three best recipes, which will be showcased temporarily on Papa John's menu (August 2 – August 29), with the ultimate winner being the highest-selling pizza! And because the stakes – a portion of sales dollars from the winner's recipe – are so high Papa John's is offering the top three finalists a marketing budget of \$1,000 to

help drive sales of their respective pizzas.



Promotions: Food | 5/24/2010

Subway restaurant chain introduces the new Orchard Chicken Salad Sandwich, available for a limited time only. This new sandwich combines diced chicken breast with chunks of apple, raisins, and cranberries tossed in light mayonnaise and served with lettuce and tomato on a choice of any bread. The Orchard Chicken Salad sandwich, available now through July 4, is a great choice for those looking for flavor, value, and healthier options. At just 8 grams of fat, a 6 inch Orchard Chicken Salad sandwich is a Subway Fresh Fit selection. As a footlong sandwich, it takes its place on the restaurant's famous \$5 Footlong value menu. Joining the Orchard Chicken Salad in the limited time offer spotlight is the Chicken Bacon Ranch and the Sweet Onion Chicken Teriyaki sandwiches.
