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## Pressing On

*Bojangles' plans a bigger presence in Triad; Krispy Kreme opens new store*

**By Fran Daniel**  
JOURNAL REPORTER

Doughnuts and fried chicken aren't recession proof, but they're selling well enough for Krispy Kreme and Bojangles' to continue with expansion plans in the Triad.

The two companies can afford to expand at a time when a lot of companies are struggling to keep up with existing business.

Bojangles' wants to open five restaurants in the Triad this year, including one in the Arcadia area. It also plans to give major facelifts to four or five existing restaurants in the Triad.

Meanwhile, Krispy Kreme will open a new store today at 5912 University Parkway across from Summit Square Shopping Center. It will be the chain's second store in Winston-Salem; Krispy Kreme was forced by financial woes in 2004 to close an earlier second store in the same building as its headquarters on Knollwood Street.

Bojangles' is going ahead with its Triad expansion plans because of success elsewhere, despite the recession, said Dion Firooznia, a regional vice president for Bojangles' Restaurants that have opened in the last eight to 10 months have done well.

"People still eat," he said. "The restaurants that deliver the best food, the restaurants that deliver the best service are the ones who are really going to reap



**Bojangles' plans to open five new Bojangles' in the Triad and remodel four or five others.**

the benefits in these hard times."

Eric Newman, an executive vice president for Bojangles', wouldn't give exact sales figures, but said that in the fourth quarter of 2008, the company finished 21 consecutive quarters of same-store sales growth for its corporate-owned restaurants. For the same time period, the company had 64 out of 65 monthly same-store sales increases for company restaurants.

A big plus for the company is breakfast, when it does 41 percent of its overall business, Firooznia said.

Bojangles' has 435 stores, 150 of which are company-owned. The Triad area is the company's second largest region behind the Charlotte area.

In Winston-Salem, the Bojangles' on

Waightown Street will undergo remodeling, with a cost of between \$150,000 and \$180,000. Remodeling helps retailers retain and attract customers. Firooznia said that remodeling has helped some Bojangles' restaurants increase their sales between 10 percent and 15 percent.

Dennis Lombardi, a restaurant industry consultant and an executive vice president for WD Partners in Columbus, Ohio, said that Bojangles' is growing for several reasons.

"Because they do so well at breakfast their average unit volumes tend to be higher than a competitor's that doesn't do breakfast," he said.

He estimates that a Bojangles' store tends to generate roughly \$1.5 million in sales a year compared with about \$1 million at a Kentucky Fried Chicken store.

Lombardi also said that a lot of Bojangles' franchisee commitments were already in place before the downturn in the economy.

Also, real-estate and construction costs have come down substantially in the past three months. As a result, restaurants can get better lease deals from landlords, particularly in empty strip centers.

As has Bojangles', Krispy

Kreme is moving ahead with its plans despite the economy.

The new store on University Parkway will offer something not for sale at the Stratford Road location, the Kool Kreme menu, which includes shakes and doughnut sundaes.

"The recession has not negatively affected our plans as we provide an affordable indulgence at a time when more expensive luxuries are difficult to justify," said Brian Little, a spokesman for Krispy Kreme.

"For example, one can treat an entire office with our unique products and make their day for a very low price."

The University Parkway store will open amid a resurgence of Krispy Kreme's competitor Dunkin' Donuts, which already has two stores in Winston-Salem. In August, two franchisees said they plan to bring at least 13 Dunkin' Donuts stores to Forsyth and Davie counties in the next four years.

Tony Plath, an associate professor of finance at UNC Charlotte, said that Dunkin Donuts is bigger, more profitable and has more capital than Krispy Kreme, so it can expand more readily.

He said he sees Krispy Kreme's plan to at least think

about broadening its product line as good news, one that makes sense from a customer standpoint.

"It indicates they are moving away from some of the accounting and finance issues that have consumed them and they are becoming more strategic in their outlook," he said.

Plath said he also believes that it's a good idea for Krispy Kreme to put another store in its home market.

"You can't cover your headquarter city with just one retail outlet," he said.

He also said that it's something of an embarrassment for a company to not have the retail coverage in its home market that its competition does.

But, Plath said, Krispy Kreme cannot afford to make mistakes in anything it does.

"They've got to find something that No.1 is a winning combination for customers and probably, more importantly, makes money for their franchisees," he said.

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