

Roy Rogers Returns to a Changed Frontier; Plan for 100 Locations Draws on Brand, Regional Loyalty to Beat Stiff Competition

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Washington will lose another homegrown retail brand when Hecht's turns into Macy's next year, but there's another Washington retail icon riding back into town.

Roy Rogers is returning.

Once a dominant and beloved regional fast-food chain based in Bethesda, Roy Rogers was decimated starting 15 years ago by several corporate owners, when the company was at the top of its game. Raided for its real estate and eventually sold off piecemeal to competitors, the homey, western-themed Roy's faded around the same time that so many other well-loved Washington names disappeared: Kitchen Bazaar, Crown Books, Woodward & Lothrop, Garfinckel's and Hechinger.

But unlike those chains, which are only memories now, Roy's never totally died. A handful of hardy franchisees stuck it out through the '90s, scattered here and there -- in places such as Frederick and La Plata -- with no corporate support, making little if any money and often using the same tired logos, furniture and signs that had graced the chain in the 1980s.

Now, though, one of those franchisees, after buying the rights to the Roy Rogers name, is planning a comeback for Roy's, with a goal of 100 locations in the Washington-Baltimore area by 2010. At its peak, Roy's had just under 200 locations in the market.

"It didn't fail because of the brand, and that's important," said Jim Plamondon, the younger of two brothers who are planning the chain's expansion.

Some big hurdles lie ahead, one of which is introducing the chain to younger diners, many of whom don't know that Roy Rogers was ever a restaurant or a western movie star.

"There is an amazing amount of brand equity with people in their thirties and forties," said Matt Smith of Smith Gifford Communications, Roy Rogers's marketing agency. "You start hitting those 20-year-olds, and if [a Roys] is not in their back yard, they don't know the brand."

The marketing budget of the Plamondon brothers -- Jim and his older brother, Pete -- is meager compared with the clout wielded by the national chains they're up against. For now, the brothers are primarily doing in-store and neighborhood promotions.

But perhaps the biggest immediate problem the Plamondons face is finding spots for the new stores they would like to open.

"There's a lot more competition out there now from the fast-food companies, from the fast casual concepts, and everybody's looking for the same thing -- a 2,500-square-foot location, an endcap or a pad spot with a drive-through," said local restaurant broker **Tom Papadopoulos**. "It's just harder and harder to find."

Nevertheless, several industry experts said Roy's is well positioned to make inroads here because it still has great name recognition in the area; tens of thousands of formerly loyal Roy's customers still live here.

It also matters that the mid-Atlantic is one of the few regions in the country that does not have its own fast-food chain. Even though so much in retail is increasingly national and is geared to the mass market, some of the strongest fast-food chains in the industry are the regional ones, said Sherri Daye Scott, editor of QSR Magazine, a trade publication for the fast-food industry. The South has Krystal, the Midwest has Sonic, Texas has Whataburger, California has In-N-Out Burger, the West has Jack in the Box. Roy Rogers used to be the chain for this area.

"People are very particular about their food. There's the whole sentimental value of it -- 'This is the burger I grew up with in my neighborhood, so I want it,' " Scott said. "We're very happy to all dress alike, but we don't all eat alike."

Ron Paul, president of Chicago-based industry consulting firm Technomic Inc., said that regional fast-food chains often have a cult loyalty and that Roy's is a good candidate to develop such a following because its menu and western feel set it apart from other fast-food brands. Roy's sales are not as burger-heavy as those of other chains, but rather are split evenly among burgers, fried chicken and its carved-to-order roast beef sandwich, Paul said, and that sets it apart from the competition.

"Given the success of Subway and Panera and other players, I'd say it's a pretty good place to be," he said of Roy's diverse menu.

But it certainly isn't the place that Roy Rogers once was. Recalling Roy's history is frustrating for the Plamondon brothers, who remember well when it had some of the best sites in town, until most of the locations were bought by McDonald Corp. nine years ago. It was an anticlimactic end to the sad saga of Roy Rogers, which just a few years before had been a major fast-food chain with 648 locations, primarily in the mid-Atlantic, and nearly 200 locations in the Washington market alone. McDonald's now has more than 350 restaurants here.

Founded by hospitality giant Marriott Corp. in Falls Church in 1968, Roy's soared in popularity on the strength of its roast beef sandwich and its tie-in with a popular movie and TV star. The genial cowboy would make personal appearances at restaurants, and his image graced advertising and pictures on restaurant walls.

Marriott's mistake, Pete Plamondon said, was not franchising as aggressively as McDonald's and Burger King, which kept Roy's from growing as big as it could have. But by 1990, Marriott was divesting businesses that didn't relate to its core hotel operations, and it put Roy's on the block. Hardee's, a Southern company that wanted to break into the mid-Atlantic market, bought the chain for \$365 million, immediately sold about 200 locations to Boston Market and Wendy's, and converted the remaining non-franchised stores to Hardee's.

It was a debacle.

"The stores went from well over a million dollars in sales to half that -- like, the next day," Jim Plamondon said.

After a couple of struggling, money-losing years, Hardee's tried to convert some locations back to Roy Rogers to stem the bleeding, but the restaurants weren't the same. Hardee's changed the roast beef to a cheaper product and stopped using the toasted, buttered bun that had been a customer favorite. In short, Hardee's executives didn't get Roy's and didn't try to.

"Our sales came back slightly, but basically it was a ship without a captain," said Jeff Todd, a longtime franchisee with three locations in Alexandria.

In the end, Hardee's sold the remaining 184 company-owned outlets to McDonald's, which promptly cherry-picked the best locations and sold off the rest. Just 13 Roy Rogers franchisees remained, with two dozen free-standing locations. HMS Host Corp., a spinoff from Marriott, also kept operating its mini-Roy Rogers at rest stops along the New Jersey Turnpike and other highways.

By the late 1990s, the situation was so bleak that the Plamondons considered converting their seven Frederick outlets to another brand. But the brothers had gotten into the Roy's franchising business because their father, now 74 and retired, had been one of the executives at Marriott who had planned and launched the Roy's concept, so they decided they couldn't let Roy's go.

Instead, they made the "part business, part emotional" decision to invest in new furniture, signs and training and began helping the flagging franchisees who remained modernize their stores, too. They brought back the old roast beef and toasted bun. And in 2002 they bought the Roy's brand from Imasco Ltd., Hardee's parent company.

For three years, the brothers have been setting up a back-room franchising system for Roy's, developing menus, marketing plans, accounting systems and architectural packages. Now, finally, the chain's famous Fixin's Bar is spruced up and ready for action.

The Plamondon brothers are encouraged by their initial success. The newest Roy Rogers opened last year in Gaithersburg in a less-than-visible location behind Lakeforest Mall, but it had lines out the door on opening day and has been one of the best-performing

stores in the chain ever since, Jim Plamondon said. The industry average for a fast-food outlet is about \$1.1 million a year, while Roy's average is about \$1.3 million.

"We know it's going to work," Pete Plamondon said. "It's just getting back in there and restarting this thing."

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