

Villa Bucks Times, Expands New Concepts



Adam Torine, vice president of business development for Villa Enterprises

It was 45 years ago when **Villa Enterprises** opened its first pizzeria in New York City, N.Y., a tiny store located next to the Ed Sullivan Theater. Today, the company has more than 300 locations in 38 states and six countries, operating in airports, regional shopping malls, outlet centers, casinos, hospitals and military bases.

Despite the tough economic climate, Villa is slated to open 30 new locations in all venues this year, with a goal of 50 new stores to be opened next year. Its broad diversification, operational focus and corporate agility have helped overall company sales to remain stable in the face of a tumultuous business environment, with some airport locations showing year-over-year sales growth, according to Adam Torine, vice president of business development.

Known more widely for its Italian pizza concept, the company also has four fast-casual franchise concepts and six full-service concepts in its portfolio. Those brands are showing promise in airports and are being expanded where they are best suited, notes Torine.

In the following interview, Torine, who recently marked 15 years with the

company, talks to Pauline Armbrust about the company's growth strategy, why it remains bullish on airports and how its private company status plays a role in negotiating the right deals.

Armbrust: This is a challenging time for everyone, especially on the shopping mall side. Is that where your company is feeling hardest hit?

Torine: The regional malls have been hit the hardest. But we are strategically diversified enough in the venues where we operate so we are able to withstand the economic challenges. We are in regional shopping malls, outlet centers, airports, casinos, hospitals and military bases. For us, the outlets have really carried us through these challenging times and a lot of the airports are still

holding on, with some even coming up. When you take into account all the venues where we operate, we're doing pretty good despite the challenges.

Armbrust: I understand you have several new restaurants opening in airports. Can you tell me about that?

Torine: We just opened **Buffalo Niagara Airport** (BUF), as well as the first of two stores at **Cleveland-Hopkins [International]** (CLE). At that airport, we just opened the Villa Fresh Italian Kitchen a couple weeks back, and we'll be opening a Green Leaf's/Bananas in about two weeks. So we'll have two stores as part of the new program with **BAA**. We're pretty excited about that and expanding our relationship with BAA, as well. At Las Vegas **McCarran [International]** (LAS), we're scheduled to



Torine says the Villa Fresh Italian Kitchen name "explains the concept better in terms of the variety of food we offer."

Fast-Casual Concepts

Villa Fresh Italian Kitchen

Green Leaf's

Bananas

South Philly Steaks & Fries

Full-Service Concepts

George & Martha's

The Black Horse Pub

The Black Horse Tavern

MacKenzie's

Ristorante Il Forno

Villa Cafe

open four very nice locations that have come online just in the last 30 to 60 days.

Armbrust: *Is the Green Leaf's concept new to your portfolio?*

Torine: It's not necessarily new, but we've really started making a strong push specifically in the airports for the Green Leaf's and Bananas concepts; it's a co-branded concept that is our upscale, healthy alternative and a proven performer in the airports. It is on trend with the healthy alternative category. Everything is very portable, and we have grab-and-go items like salads, wraps, paninis, smoothies and yogurt. It allows us to hit all the day parts, as well, with Green Leaf's being real strong for lunch and dinner, and then the snack day part taken up by the Bananas. The airports seem to be taking real well to it and so are the customers and our franchisees.

Armbrust: *Is the Villa Fresh Italian Kitchen a name change?*

Torine: Originally we were Villa Pizza, and we still have many Villa Pizzas in existence, but approximately four years ago we started rolling out the Villa Fresh Italian Kitchen name, did a design upgrade, and translated many of the older stores and all of the newer stores to Villa Fresh Italian Kitchen. It's a bit more modern and upscale and explains the concept better in terms of the variety of food we offer. It's the name we are going forward with.

Armbrust: *You mentioned some of your airport stores are coming up. Which ones are they?*

Torine: The ones that have maintained or even shown some growth would be **Philadelphia International** (PHL), where we have two locations; **Miami International** (MIA); and **Denver International** (DEN). Those are the three that jump out the most. They are up anywhere from 5% to about 15%.

Armbrust: *To what do you attribute the increases, especially when traffic is down in those airports?*

Torine: I'd love to be able to take full credit for it and say that we're the best operator anybody has ever seen, but I don't think I'd be totally truthful. Certainly a lot of it is operations and some of the marketing promotions we've rolled out recently, which cater to the economic recession. New product promotions, like our bambinos, which are mini-sized snack sandwiches, or our value meals, have helped us retain and attract more airport employees, who are potential customers multiple times a week.

You really have to drill down to get the right answer and it's airport to airport and concourse to concourse. You have to

understand the domestic versus international traffic: Is it RJs or 737s? The business has gotten so scientific that to give a broad statement sometimes can be misleading.

Armbrust: *How would you describe the priority that the company places on its airport locations?*

Torine: If airports are not our No. 1 priority, they're right up there. We think airports are a great venue for a lot of reasons. The growth opportunities are still there, in spite of some of the economic challenges; the exposure for the brand; and the ability to do business with local DBE partners are very high priorities for us. This year will be our strongest year in terms of the number of airport openings, and we're hoping to even pick up the pace in 2010 with a lot of the developments and discussions we have going on with some of the airport folks out there.

Armbrust: *Do you like being part of developer projects or do you have a preference?*

Torine: We don't have a preference. We've been in business for 45 years, we're privately held, we're debt free as an organization and we're about a \$160M company, so this makes us pretty nimble. We have a lot of flexibility with the way we operate and structure our deals in airports, and probably have every model out there; it could be with a local DBE partner, a master concessionaire or a direct deal with a developer. The important thing for us is that the deal works financially, and we're very passionate about protecting our franchisees and our landlords. We're not afraid to say 'no' because we'd rather say no upfront and be able to sleep well at

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Villa is making a big push for its Green Leaf's concept, which Torine says is strong for all day parts.

night than have a potential problem down the road. We're not looking to be the biggest with the most number of stores – we just want the best quality of restaurants out there for our franchisees and landlords.

Armbrust: I see you just opened some stores with Areas on the Florida Turnpike. Do you have a relationship with them in airports?

Torine: Yes, Areas won a pretty major bid on the Florida Turnpike. We opened three of four locations already. Although it's not an airport, it's a similar type of venue: high exposure, high volumes. We're excited about our relationship with Areas. We already had an existing relationship with them in airports, which actually inspired the relationship to the travel plazas.

We're opening our first international airport with Areas in the first quarter of 2010 at the **Monterrey Mexico** (NTR). That actually was supposed to be open now but with the swine flu and some of the other challenges in Mexico, it has been pushed back. This will give us our sixth location in Monterrey, so we have a pretty good stake hold in the malls there and this will further expand us into Monterrey, which is obviously a top place in Mexico.

Armbrust: Can you describe what your growth strategy is in airports?

Torine: Our growth strategy is to do as many good deals as we can. Once again,

we're private so we can do zero stores in a year or we can do 100, and we don't have to answer to Wall Street. We have the ability to do as many good deals that are out there, and not to sound redundant, but it's more about doing the right kinds of deals than the number of deals. We're on target to open about 30 locations this year, in total, between all of our venues. And our goal for 2010 is to have 50 openings, and we believe a big part of that will be in the airports, but it's hard to predict how many good ones will be out there with such a volatile environment right now. We're all about the right kinds of deals and that's really more important to us.

Armbrust: Have you had to go to any of your airport landlords in regards to the challenges you're facing with the goal of renegotiating rents?

Torine: We have some really good partnerships out there and there's some understanding when there's a hiccup here and there. We strongly believe that tough times don't last, but tough companies, tough people do and we're willing to grind it out. We try to communicate as openly and as much as possible, but we're here for the long haul; we've been around for 45 years and hopefully will be for another 45. It's a partnership and there are going to be good times and bad times but we're all in this one together so we have to pull together and stick it out. *A*

We'd like to hear your opinion about this article. Please direct all correspondence to Pauline Armbrust at pauline@airportrevenue.com.



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