

What Made PizzaRev a Prime Takeover Target?

ACQUISITION: Ex-McDonald's executive takes majority stake in custom pizza chain.

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Restaurant franchisor PizzaRev Inc. has been acquired by an investment firm headed by a former McDonald's Corp. executive.

The Westlake Village pizza chain on May 22 announced that Cleveland Avenue, led by one-time McDonald's chief executive Don Thompson, had purchased a majority stake in the company. Financial terms of the deal were not disclosed.

"Our mission is to provide collaborative expertise and ... resources to our network of industry partners," Thompson said in a statement. "We're attracted to PizzaRev because of its scale for growth."

PizzaRev and Cleveland Avenue declined requests for further comment.

Founded in 2012 by former music industry executives Irv Zuckerman and Rodney Eckerman, PizzaRev's primary product is customizable personal pizzas, which it sells with unlimited toppings for roughly \$8.65 each. While similar in style and offering to competitors such as MOD Pizza and Blaze Pizza, PizzaRev's rapid expansion differentiates it from others in the sector. Much of its growth as a franchisor can be attributed to an early investment from Buffalo Wild Wings Inc., which purchased a minority stake in 2013 to become PizzaRev's first franchisee. The publicly

traded sports bar chain stopped growing its holdings late last year; by the partnership's end, PizzaRev had expanded from two to 46 locations in North America, including four in Mexico. It claims to have more than 200 in the development pipeline.

For the next phase of growth, PizzaRev is wise to entrust its brand to a franchise industry veteran like Thompson, said mergers and acquisitions expert James Cassel, chairman and co-founder of Miami investment banking firm Cassel Salpeter & Co.

"(Thompson) has a tremendous resume when it comes to the food service business," Cassel said. "His expertise can also give PizzaRev the credibility to expand in the franchise space."

That knowledge will come in handy as competition grows increasingly fierce, Cassel continued. Thompson worked his way up through McDonald's ranks during the 1990s, when the company was competing with Burger King to rule the quick-service hamburger realm. Therefore, his insight may be useful in helping PizzaRev further distinguish itself from other fast-casual pizzerias to emerge as the industry's leading player.

"PizzaRev is still small enough that someone could come and put a real imprint on it," Cassel said. "I think that's where Cleveland Avenue comes in."

MGA, Menchie's Partnership

A pair of local companies are teaming up this summer to launch a marketing campaign they hope will be a big win with kids across the country.

Van Nuys toy maker MGA Entertainment Inc. has partnered with Menchie's Frozen Yogurt to develop limited-edition sets of sweet-smelling "Num Noms," MGA's scented plastic dolls. Aimed at girls ages 5 to 9, the collectible toys will be sold online and at Toys R Us Inc. stores around the country starting in July. They will also be featured in a special campaign at 420 Menchie's locations throughout the U.S., according to the companies.

“There were so many characteristics of the individual brands that related to each other,” Julie Boylan, head of global licensing at MGA, explained. “It just seemed like a great idea to build a product out of it.”

The toys feature elements of Menchie’s branding, such as the pink and green swirl of frozen yogurt that appears in its logo, and are scented to invoke the company’s top-rated flavors. The partners were careful to design the collection so that the brands’ unique elements blended organically, Boylan said. MGA has been selling Num Noms since 2015. Playsets are released temporally as collectible “series,” a tactic many toy companies use to encourage customer loyalty. The sale of collectible kids’ toys grew 33 percent in 2016 to reach \$1.8 billion, accounting for roughly 10 percent of total industry sales, according to the market research arm of NPD Group Inc. In the playset dolls and accessories category, Num Noms was ranked the No. 2 product by dollar growth year-to-date as of March 2017, a report from NPD found. Harnessing Num Noms’ popularity with Menchie’s position as the nation’s largest frozen yogurt company makes for a scrumptious marketing opportunity, Boylan said. Even if Menchie’s had not been in the neighborhood, MGA would have been just as eager to pursue a partnership, she added.

“(Being local) certainly makes doing business easier, but it’s a natural fit when you look at Num Noms’ and Menchie’s brands,” Boylan said. “There are so many similarities that it makes Menchie’s the perfect partner.”