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Cold Stone eyes local expansion

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SYRACUSE — Central New York is one beneficiary of Cold Stone Creamery's plan to open 1,000 stores by the end of next year. Cold Stone's first location in the Empire State opened May 2002 at 9655 Carousel Center in Syracuse. Since then, another store opened in Woodbury and the company plans to debut nearly 40 franchises in the state by the end of the year — including the Creamery's first store in New York City later this month. (The store will be located on Times Square's popular E-Walk at 42nd Street and Eighth Avenue, employ approximately 125, conduct nearly 7,000 transactions per week, and occupy nearly 2,600 square-feet on two levels.)

The company's expansion will include three or four more stores in Central New York — and as many as six, if the capital is available — according to Bradley J. Boyer, who owns the Carousel location with his wife, Martha L. Alderman Boyer.

Boyer says that he is looking for sites throughout Central New York, including the Syracuse University Hill area, East Syracuse, Ithaca, and Utica.

"We're looking for a high-traffic site like we have at Carousel," Boyer says. "There's no place [in Central New York] with the same traffic, but we'll try to [duplicate it]."

Boyer hopes to find a location and sign a lease by mid-July and open the new store by mid-September. He says the latest the Creamery would open would be October — which would give him a head start to the winter shopping season.

Cold Stone, located on Carousel's second floor two doors from Kaufmann's and next to Auntie Anne's Pretzels, occupies 1,200 square feet and employs the maximum number of employees that the space can hold. On Friday and Saturday nights, there are seven "crew members" — the term Cold Stone uses for its employees — and one or two managers, while weeknights have two crew members plus a manager or owner. Boyer says he spends five or six days at the store, while Martha spends four or five. The Boyers spend their other time doing paperwork, payroll, schedules, and other related tasks.

"There's darn near as much to do away from the store as there is in the store," Boyer quips.

Cold Stone makes its ice cream by hand every day, as well as bakes waffle cones, waffle bowls, and brownies daily. The Syracuse location offers 18 flavors of ice cream, sorbet, and yogurt. Boyer says ice cream comprises 93 percent of all sales.

What's your fancy?

There are two options for placing an order. The first is to pick from a list of Cold Stone Originals, the name of the company's pre-selected combinations of ice cream and nearly 40 mix-ins (such as candy bars, fruit, and candy). The Originals carry unique monikers such as Monkey Bites, At the Cocoa Banana Cabana, Mud Pie Mojo, Berry Berry Berry Good, and Cookie Doughn't You Want Some.

Customers also are free to create their own combinations — and Boyer says 60 percent do just that. Once a customer makes a selection, the ice cream is placed on a frozen granite stone — the basis for the franchise’s name — and the accoutrements are mixed into the selection. The combination is then placed in a cone or cup. Additionally, the “crew members” recite chants and songs to entertain the customers and verbally thank anybody who gives them a tip.

A 10 oz. portion (equivalent to two scoops) sells for \$3.39 and includes one mix-in. Additional mix-ins are 49 cents each, and Boyer says the average customer requests three — with some including as many as six. Boyer says there will be a “cost adjustment” very soon, as his costs for products — particularly chocolate — are increasing.

According to Boyer, the Carousel Cold Stone is a high-volume store, with revenue 40-45 percent greater than the average store and approximately 22 percent above estimates in his business plan. Boyer declined to disclose the store’s annual revenue. The average gross sales per store are \$358,000 per year, according to John Wuycheck, Cold Stone’s director of franchise development.

The company received 1,575 applications for nationwide franchises in February. Cold Stone currently operates 362 stores in 32 states and the Caribbean and plans to open 300 stores this year and another 450 next year. The initial franchise fee is \$31,000 (\$35,000 in California and Hawaii) and the total investment is between \$235,000 and \$348,370, according to Cold Stone’s Web site (coldstonecreamery.com) — which receives nearly 300,000 hits per day.

Franchisees pay royalties of six percent of gross revenue and another three percent for marketing, according to Wuycheck. Payments are made weekly to the Scottsdale, Ariz.-based company, Wuycheck says. Additionally, approximately half of new stores awarded go to existing franchisees, according to Wuycheck. The company awarded 310 new stores last year.

Cold Stone has a national advertising program, Boyer says, in which Syracuse participates. The Syracuse store also advertises in Clipper magazine, Entertainment books, The Post-Standard, and has a few billboards “around town,” Boyer says.

“We’re very excited about bringing another store to New York,” says Wuycheck, who has worked at Cold Stone for two years. “The success has been tremendous, and we’re excited about bringing the concept to [other parts] of New York State.

Chance encounter

Boyer first heard of Cold Stone Creamery two years ago. He had just finished a 21-year career with the Bell system of phone companies, which was bought locally by Verizon. He subsequently worked for a small company for two years and decided it was time to find another career path since the telecommunications industry was being restructured. Meanwhile, Martha Boyer worked for US Airways until the company closed the Syracuse reservation center following the Sept. 11, 2001, terrorist attacks. The company later filed for Chapter 11 bankruptcy protection, from which it recently emerged. The couple decided to go into business together.

“It didn’t take a rocket scientist to realize that one or both of us could be looking for jobs in the [near] future,” Brad Boyer says.

One night, the couple was watching “The Best of” on the Food Network. The episode focused on Alaska and featured Cold Stone Creamery.

“I thought, ‘man if people can sell ice cream in Anchorage, I gotta to be able sell ice cream in Syracuse,’” Boyer says.

Boyer did research, met with franchise owners in several cities — including Philadelphia, Chicago, San Francisco, and Oakland — and ventured to the company’s Scottsdale headquarters. After completing

all of the necessary paperwork and paying the company's franchise fee, Boyer started to pick a location in Syracuse.

"If you want to launch a new brand in Central New York, the premier place to do that is Carousel," Boyer says. "People come to you, there's high [foot] traffic, you have a good product, an attractive location, and all the intangibles to get people into the store."

For Cold Stone's grand opening at Carousel Center, customers could stop by the store and receive a free ice cream during a three-hour window. That night, Boyer says nearly 200 people visited the store. Approximately 2,900 people currently frequent the store each week — and two-thirds of that business occurs from Friday through Sunday.

The store also has hosted charity nights to benefit organizations such as Habitat for Humanity and the Syracuse University Law School's scholarship fund. Boyer, who tries to have two benefit events per month, turns the store over to the charity for one night. The organization receives all of the profits and Boyer pays all of the costs for the food and staffing.

"[We usually get] big revenue in the coming days, weeks, months [after the event]," Boyer says. "Customers may or may not have been familiar with [Cold Stone]. The [charitable] organization puts no money up front and can advertise [however they wish]."