



News Day
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Trying To Get The Big Scoop Super-premium shop has LI debut

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Competition is heating up again in the cold world of high-end ice cream.

Cold Stone Creamery Inc., a national franchiser of "super-premium" ice creams, opened its first New York area store in Woodbury Friday, going scoop to scoop with several other established brands, including Häagen-Dazs and Ben & Jerry's. The Scottsdale, Ariz.-based company also announced last week that it will open a New York flagship store in Times Square in June, as part of a plan to have 40 franchises in New York State by 2004. Cold Stone has 370 stores nationwide. "We're looking for the Times Square store not only to expose our brand along the East Coast, but across the entire nation," said Cold Stone executive vice president Jim Flaum. Cold Stone's prospects in the metropolitan area look promising, some ice cream industry experts said. "Ice cream does exceptionally well in New York City since it is more affluent and willing to pay higher prices," said Wally Butkus, a partner at Restaurant Researcher, a Connecticut-based industry analyst. But Butkus and others also warned that the combination of high real estate costs and cold winters could hamper the company's growth. "The question is location and real estate [prices]," said Malcolm Stogo, founder of Riverdale-based Malcolm Stogo Associates, an ice cream consultancy. Low temperatures by themselves, however, do not drive away ice cream consumers, according to the International Ice Cream Association, an industry trade group. Consumers in the Northeast and the Midwest, another cold-winter region, are the biggest consumers of ice cream, a \$20-billion annual industry.

While the frozen treats market is mature, growing roughly 2 percent to 3 percent annually, the super-premium segment has "really taken off," said the association's spokeswoman, Marci Cleary. Meanwhile, larger frozen-treats chains, such as Baskin-Robbins and TCBY, have fared poorly of late, with Baskin-Robbins losing 250 outlets since 1997 and TCBY 1,200. Cold Stone's Woodbury store is in the tony Woodbury Village Shopping Center. The two-floor Times Square Cold Stone Creamery will be company-owned and located on 42nd Street close to Eighth Avenue. Customers will have a choice of 20 to 30 flavors, with the option of mixing different ones on a 4-foot-long frozen granite stone. Unlike two other super-premium brands, Häagen-Dazs and Ben & Jerry's, Cold Stone does not have plans to sell its ice cream to supermarkets.

Ben & Jerry's, which has 21 shops in New York, including 10 in the metropolitan area, took Cold Stone's expansion in stride. "As the super-premium industry leader, competition serves to challenge us to be more innovative," said Ben & Jerry's chief marketing officer Walt Freese. "Ever since we were kids," he said, "more ice cream is better than less ice cream."