

Buffalo Wings Lift Valley Pizza Chain

By ELLIOT GOLAN *Staff Reporter*

In the rush to become the Chipotle of pizza, a San Fernando Valley upstart just struck gold.

PizzaRev, a tiny Studio City-based chain that offers upscale assembly-line pizzas, just got an equity investment from one of the hottest growing restaurant companies in the business.

Buffalo Wild Wings Inc. of Minneapolis, which specializes in chicken wings, sports and beer, announced last month it has taken a minority stake in the pizza chain.

The contrast between the two companies is startling: PizzaRev has three restaurants, including its original Northridge location, while Buffalo Wild Wings was founded in 1982 and operates more than 900 locations in 49 states.

"This will absolutely ramp up our business plan," said Irv Zuckerman, a co-owner of PizzaRev. "This is a genre in the restaurant business that has legs."

The value of Buffalo Wild Wings's stake was not disclosed. PizzaRev was founded in 2011 by former entertainment executives Zuckerman, Rodney Eckerman and their two sons. It has since expanded to Woodland Hills and Studio City, where it now has its headquarters.

The concept is distinguished by a food assembly line similar to that of a Chipotle Mexican Grill, allowing patrons to craft custom 11-inch pizzas. The large Wood Stone brand ovens are capable of cooking 15 pizzas at a time. Temperatures reach in excess of 900 degrees to cook the pizzas in about three

minutes. They sell for a flat \$7.95, regardless of the type or number of toppings, which include classics such as mushrooms and pepperoni but also more exotic options such as sweet fennel sausage or capers.

PizzaRev received its investment less than one month after Fortress Investment Group LLC of New York put \$20 million into the operator of 800 Degrees, a spinoff of Umami Restaurant Group LLC of Los Angeles.

800 Degrees, with one location in Westwood Village, is one of several direct competitors to PizzaRev. It offers several different specialty pizzas, in addition to the create-your-own format PizzaRev employs.

Growth plan

Angie Pappas, spokeswoman for the California Restaurant Association, said quick-serve pizza is the fastest-growing segment in the industry. What's more, she said that about 10 percent of all restaurants in the state serve the dish.

"This is a pretty big deal for them," she said. "Everyone has been jockeying to be the Chipotle of pizza. Because of this, it looks like PizzaRev is winning the race."

Zuckerman said the two companies were introduced through mutual acquaintances. "In a matter of a few months we knew the relationship had the makings of a great partnership," Zuckerman recalled. "They believed in our model, our passion, our product and the craft-your-own process."

He said that after Buffalo Wild

Wings executives visited the premises and tasted the product, serious investment discussions began. Under the deal, Zuckerman said that all operational control and decision-making would remain with PizzaRev, but Buffalo Wild Wings would provide expertise, counsel and advice. He called the chain "cheerleaders in the background."

Buffalo Wild Wings cited the business experience of the two co-founders and PizzaRev's quality and unique take on how it sells its pizza as key reasons for the investment, the company's first in an outside chain. Zuckerman and Eckerman were formerly co-chief executives of Clear Channel Entertainment, a music event production unit of Clear Channel Communications Inc. that was later acquired by Live Nation Worldwide Inc. in Beverly Hills.

"We're confident that this concept has potential for growth and success across the country," said Kathy Benning, executive vice president of global marketing, brand and business development at Buffalo Wild Wings, in an email to the Business Journal. "We feel that PizzaRev is a strong fit as a first investment for Buffalo Wild Wings. The pizza and restaurant experience are a fresh and new approach to one of America's favorite foods."

Zuckerman knows having a company like Buffalo Wild Wings in his corner will help grow the business.

The Buffalo Wild Wings format targets a similar crowd as PizzaRev, featuring burgers, sandwich-



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Multiple Choice: Left, toppings at Studio City PizzaRev; right, founders Irv Zuckerman, Jeff Zuckerman, Rodney Eckerman and Nicholas Eckerman.

es and salads around the \$10 price point, in addition to chicken wings and beer. Customers can choose from about 20 different sauces and seasonings for their wings. In the greater Valley region, the chain has restaurants in Burbank and Palmdale.

The publicly traded company reported net income of \$57.3 million on revenue of \$1 billion last year. Revenue was up about 25 percent from the previous year.

Lloyd Greif, chief executive of Los Angeles investment bank Greif & Co., said the amount of the investment from Buffalo Wild Wings was likely similar in size to that made by Fortress to Umami, but represents a much different type of partnership.

"This is a value-added investment," he said. "While the infusion of equity capital is always attractive, Buffalo Wild Wings has the expertise and the experience that can help PizzaRev grow quickly."

Greif said that in addition to 800 degrees, PizzaRev is competing with Blaze Pizza LLC of Pasadena, which has outlets in Irvine and Pasadena and has plans for four new locations across Southern California and expansion into several other states, and Pizza Inn Holdings Inc. of The Colony, Texas, which operates Pie Five restaurants in Texas and also has plans for national expansion.

The two companies are franchising. Just last month, Pie Five signed a 10-unit franchising agreement to expand into Florida. Greif thinks the Buffalo Wild Wings investment

may lead to similar growth for PizzaRev.

"They could be looking to franchise PizzaRev locations. The reward always goes to the guy that grows the fastest," he said, "and franchising is the quickest way to roll out a new restaurant concept."

Topping off

Conrad Lyon, senior restaurant analyst at the Los Angeles office of equity research firm B. Riley & Co., said that while it's odd for a national chain to invest in a company just starting out, it represents a small risk for Buffalo Wild Wings.

"It's a drop in the bucket for these guys," he said. "They're buying in early. If it pans out, they can go further with their investment."

But he also said it could be a

"home-run investment" for PizzaRev, in which Zuckerman could either build the company up to sell at a high price or build a legacy for Nicholas Eckerman and Jeff Zuckerman, the sons of the two principal founders, who serve as chief operating officer and chief marketing officer, respectively.

Irv Zuckerman said selling the company isn't in the plans and he has not yet evaluated the merits of franchising. For now, he plans to open several more outlets in the next year, beginning with a location in El Segundo this summer.

"Our goal is to build out Southern California and take advantage of any opportunities that Buffalo Wild Wings can bring," he said. "We know the landscape is open. This has the ability for rapid growth."



Buffalo Wild Wings: Patrons wash down chicken with beer at the national chain.