



Dave's Hot Chicken's Sizzling Success

A differentiated menu, a bold design, and a focus on food and beverages cooled by **SCOTSMAN**'s nugget ice create a memorable brand.

Dave's Hot Chicken® has garnered a loyal following in its eight years of life. The chain started in a parking lot in Los Angeles in 2017 and has stayed true to that urban atmosphere with interior and exterior design that has a strong focus on graffiti, making the stores instantly recognizable and memorable.

When it comes to the food, Dave's is known for its very simple menu — chicken tenders, bites, mini sliders and fries — and its spice levels. Some locations require customers to sign a waiver before they try the Reaper chicken, made with Carolina reaper peppers, one of the hottest in the world. But overall, Dave's food is spicier than other chains, a true differentiator for the fast-growing brand.

This formula is proving successful. Dave's has more than 330 locations worldwide, with 10 stores abroad in countries including Canada, England, Qatar, Saudi Arabia and United Arab Emirates.

Food and Beverage Excitement

It's not just the spice levels that set Dave's apart. The brand also focuses heavily on making sure its food quality is "extremely high," says Tiffany Vassos, Senior Vice President of Design and Construction.

And while the menu continues to be simple, it has expanded from Dave's early days. "We've started to expand our menu. But it's still straightforward and very simple and it's menu items we

already have in the restaurants, so we're not adding elements to make what we serve complex," Vassos says.

In contrast to its simple food menu, Dave's Hot Chicken offers a variety of drinks. Options include sodas and iced teas, as well as shakes and Slushers in multiple flavors that customers can top with cereals. "The beverages complement the chicken and create a great guest experience," says Vassos. The sodas and teas are self-serve while staff members serve the shakes and Slushers.

Dave's Hot Chicken doesn't just rely on its food as a differentiator but also its fountain drinks, which are filled with a chewable nugget ice that customers come back for and post about on social media. "Ice is an afterthought at a lot of brands, but having these details that elevate your brand sets us apart," Vassos explains. "People don't think about ice until they have a great experience with it."

Dave's uses a Scotsman® NH1322R-32 Prodigy Plus® ice machine, which sits above the self-serve soda machine. Drive-thru locations have a second machine in the back of house.

The ice is 80% to 83% hard. "It's a very chewable ice," says Tony Valvo, Director of Key Accounts, Scotsman, adding that Scotsman's studies show 80% of people prefer chewable ice. And because the ice nuggets are so small, he points out, more ice fits in the cup, which results in lower beverage costs. "The customer is not less happy because

they get less beverage; they are happy because they want to chew the flavored ice."

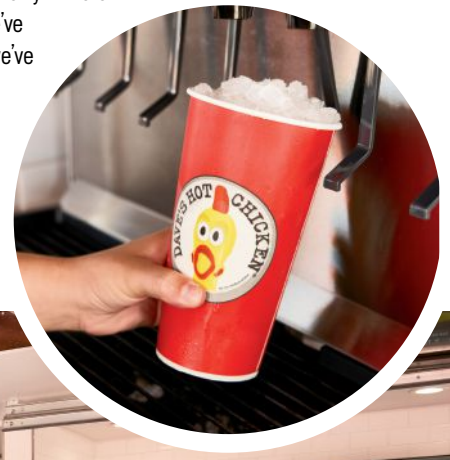
"Scotsman has been a very competitive and reliable partner," says Vassos. "They're very thorough, and we never have any issues with getting the equipment on time and the service on time."

Dave's has been sourcing its Scotsman machines through Avanti Restaurant Solutions, Costa Mesa, Calif., since its seventh store. The chain "had a competitive machine, but if it wasn't installed correctly, it underperformed and often left the store without ice. To solve this, we offered an alternate solution," says Shawna Snyder, Vice President of National Accounts with Avanti. The Scotsman machine "was a good fit — reliable, high output and cost-effective. It's been a great partnership and great synergy between Scotsman and the end user."

The relationship with Scotsman has grown quickly. "There was great support from the start," says Valvo. "We've supported any issues they develop very well, and we've shown them we support their business."

In the second year of working with Dave's, Scotsman became "not the sole spec, but the main one," Valvo says. "We've really earned their trust." Other Welbilt® brands Dave's uses include Kolpak® walk-ins and Metro® shelving.

Dave's Hot Chicken carries its iconic chicken throughout its operations and packaging.



The front-of-the-house design at Dave's Hot Chicken is a nod to the chain's urban roots with colorful art.



Differentiated Brand

While the food and beverage is a big draw at Dave's Hot Chicken, it's not the main draw, Vassos says. That would be Dave's unique atmosphere. "We focus heavily on great customer service and creating a really fun and energetic environment. That's the DNA of our brand."

The company also spends a lot of time sharing its story. The four founders have been friends since kindergarten and are all children of Armenian immigrants. After dropping out of high school, they spent \$900 to open the first Dave's Hot Chicken.

"It's a pretty exciting story," Vassos says. "Our CEO (Bill Phelps) and COO (Jim Bitticks) are exceptional leaders who have guided us to do some exceptional stuff, and we have leaders who drive excellence. The fun part is so key to who we are. We're doing things a lot more unconventionally than a lot of brands; people like to come to us because it's so different."

Signing Up Franchisees

Most of Dave's Hot Chicken locations are franchised — only 12 are corporate stores — and the chain prefers to work with "highly sophisticated franchise partners," says Vassos. Franchisees need to have experience with other restaurants and be "operators in the market," she says. They also have to live in the area where they develop and "need to know their market better than we know it."

Dave's creates area development agreements with franchise partners and works with brokers to identify specific areas to target for upcoming restaurants.

"We have parameters like population, median income, religion (because Dave's offers halal chicken, which works well for a Muslim population), distance, location within a center, site type and co-tenancy that all play a role in determining if we should go into a site," Vassos says. Once approved, franchisees work with a broker to find locations and submit letters of intent. After identifying a site, Dave's real estate team visits the location and fully reviews it to make sure it's viable.

"Ideally, [the franchisees are] going to open multiple locations — 10 or more in a big city," Vassos says. For that reason, Dave's is careful to space the sites accordingly so one doesn't cannibalize the sales of another, typically at least seven miles apart.

In June, Roark Capital purchased Dave's Hot Chicken for \$1 billion, but that won't affect the 155 stores the chain plans to open this year. That number will grow in subsequent years, says Vassos. "Roark wants to see us continue to grow unit count and average unit volume. They give us the runway to keep doing what we are doing to ensure that we keep the integrity of the brand pure."

Dave's continues to open corporate stores as well because it allows the company "to have skin in the game and to be able to speak in an educated way. Having some locations gives us more credibility with our franchise partners," Vassos says.

Customers eating the spicy menu items at Dave's Hot Chicken can beat the heat with a variety of fountain drinks cooled by nugget ice made by Scotsman machines.



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Tiffany Vassos,
Senior Vice President of Design and Construction



Fountain drinks with Scotsman's nugget ice are available via the drive-thru and self-service in the dining room.

BRAND WATCH

Scotsman®

Machines installed worldwide:
1,000,000+

Tons of Scotsman flake ice and nugget ice cubes produced daily:
12,500

Scotsman ice cubes produced daily worldwide:
6 billion

Crystal-clear ice cubes introduced:
1950

The Original Chewable Ice introduced:
1981

scotsman-ice.com



In-Depth Design

Dave's Hot Chicken locations are recognizable with their graffiti and high-energy vibe. In fact, says Vassos, the exterior design "may be shocking to some communities, but it is part of who we are, and we strive to be as artistic as we can." This extends to the drive-thru, she adds. Los Angeles street artists paint the locations by hand and with spray paint.

In fact, the more outlandish the exterior design, the better. "Our locations with more exterior design tend to do more sales-wise because we're a little more disruptive," says Vassos. "We want everyone to know we are there, and we want to create a design experience that is memorable."

The chain also likes to add red rope lights to the outside of the restaurant along the roof lines to draw more attention to its locations. With the light bulbs, Vassos points out, "you can get a lot from very little."

In addition to the graffiti and lights, the chain includes a Dave chicken character to all restaurant interiors. They like to refer to Dave as the most interesting chicken in the world. He could be integrated into a mural, an image or a mannequin.

Both the Dave figures and the Dave's locations themselves are firmly embedding themselves in customers' hearts — one cluck, one chicken tender and one drink with chewable ice at a time.