



# TEA FOR TEXAS (AND EVERYWHERE ELSE)

**T**exas is the land of wide-open spaces, cowboy boots and the Alamo. Soon, however, iced tea may become part of that list — at least if HTeaO has its way. As this rapidly growing chain expands beyond its Texas roots, it's making iced tea a hot seller.

The chain was the brainchild of Kim and Gary Hutchins, owners of a casual burger and sandwich restaurant called Buns Over Texas, which opened in 1989 in Amarillo. During the economic downturn of 2008-09, the restaurant added six flavors of iced tea in order to help boost flagging sandwich sales. “We started selling it by the gallon,” says HTeaO CEO and Co-Founder Justin Howe, Kim Hutchins’ son who joined the company in 2019. “When the market took a dip,



we were able to buy some prime real estate that was very difficult to get.”

When Buns Over Texas built a restaurant on this new Amarillo property, the company added a 1,200-square-foot section that sold only iced tea and named it Texas Tea. Using data and sales information gathered from the first location, the Hutchinses opened a second, stand-alone Texas Tea outlet, also in Amarillo, in 2012.

Howe considers the second store a prototype the company used to develop and refine the concept further. “We built the supply chain infrastructure. We started to manufacture all our key flavor profiles, and we turned all our key flavors into real broadleaf tea,” he says. With the research and product development complete, Texas Tea opened a third iced tea-only location in Midland, Texas in 2013. But with a broader audience in mind, this store was given a new name: HTeaO.

“We wanted to be confident [we had] a nationwide brand,” Howe says, and he and his team considered the HTeaO name to have greater opportunity for national growth. But as a nod to its Lone Star roots, the HTeaO logo still features a map of the state and the phrase “Born in Texas 2009.” (The two Amarillo units remain under the Texas Tea moniker.)

As HTeaO grew in popularity, the chain positioned itself for the next logical step: franchising. By 2018, the chain had all the legal requirements in place and awarded 21 franchises in its first month. Currently, HTeaO has 40 units in 13 states, including 4 company-owned locations. Pursuing an aggressive franchise strategy, the chain expects to open 40 more units within the next few years and has more than 200 additional units in development.

HTeaO prides itself on helping franchisees through the build process, says Curt Pohlmeier, Vice President of Project Development. Since many of its franchisees are first-time owners, HTeaO provides guidance to ensure a successful buildout. After the franchisee signs a lease, “we basically target five key elements: hiring an architect, getting a set of







plans, getting a permit, hiring a general contractor and securing a certificate of occupancy. We are a coach, a guide to incoming franchisees through their build process,” says Pohlmeier.

Drive-thru lanes play a major role in HTeaO’s success. Howe says the idea to have a drive-thru lane came from the success his mother and stepfather had with their drive-up lane at Buns Over Texas. The drive-thrus deliver solid business for HTeaO, Pohlmeier adds, with the best-performing stores in the chain doing half their business in the drive-thru lane.

### **All About the Flavor**

One of the most notable things about HTeaO is the size and variety of the menu. At any given time, guests can choose from 24 flavors of iced tea on the

menu, including half sweetened and half unsweetened. Those flavors range from the prosaic, like unsweetened regular or green tea, to the creative — Sweet Mango Fresco or Unsweet Georgia Peach. To top off the drink, customers can add a 2-ounce portion of fruit at no charge. The chain also partnered with the Truvia® brand of stevia-based sugar substitute on Sweet Zero, a no-calorie, no-sugar iced tea. The popularity of sweetened versus unsweetened tea depends on the location, says HTeaO Chief Marketing Officer Spencer Perkins. “As we start to penetrate more urban markets, we are seeing a heavy push toward unsweet and Sweet Zero flavors. Traditionally we see a 75% sweet, 25% unsweet [sales mix],” he says.

The menu also features seasonal flavors, says Perkins,

with selections changing quarterly. “We have a team dedicated to product innovation,” he says, with root beer and strawberry passion being two of HTeaO’s recent seasonal offerings. However, Perkins says, flavor ideas often come directly from guest feedback. “We respond back to every guest message and always keep track of what guests are requesting.”

Like everything else in Texas, the portion sizes at HTeaO are big. The smallest cup the chain offers holds 20 ounces; the largest is a whopping 50 ounces. HTeaO also sells bottled water in sizes up to 5-gallon bottles. Those large sizes actually led to the chain installing sliding doors in its stores. “When someone places an order for 5 or 10 gallons, or an order for 2 cases

of water, we have to load it in someone's car. We need to be able to access the drive-up lane," says Howe.

To accompany its tea, HTeaO sells a variety of healthy snack items, as well as coolers and tumblers for on-the-go drinking. For customers who might not always be near an HTeaO outlet, the chain offers 8- and 16-count packets of tea sachets for home brewing in such popular flavors as Coconut Black Brew and Blueberry Green Brew.

### **Perfect Ice for the Perfect Iced Tea**

Besides the innovative flavors of tea that HTeaO offers, another element plays a crucial role in the chain's success: its ice, made in Scotsman ice machines. "Ice is so important to our brand. I like to think of it as the big three: tea, water and ice. That's our brand. Who wouldn't prefer to have a cold glass of tea or water with a big mound of ice?" asks Pohlmeier.

Scott Ebbert, National Accounts Sales Manager for

Scotsman Ice Systems dealer Central Restaurant Products in Indianapolis, feels the quality tea and quality ice present the perfect pairing. "The tea is amazing," he says. "It sounds really crazy that iced tea could stand alone and sell by itself, but once you have the tea, it's absolutely fabulous. And the nugget ice is key to everything they do. Anybody who loves drinks loves the soft nugget ice. It's chewable, it lasts longer and it just makes the drink better."

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**Curt Pohlmeier**  
Vice President of  
Project Development,  
HTeaO







Bill Carr, Food Service Sales Manager at Scotsman Ice Systems distributor Duncan Supply Company, Inc., in Indianapolis, agrees. “HTeaO is such an exciting brand to work with, and their team’s passion comes through in their excellent product and store presentation. The combination of nugget ice and the flavors of the HTeaO products is a perfect marriage,” he says.

“At every HTeaO location, you’ll see crowds of people inside or in the drive-thru lane, waiting to try the many flavor options available,” says Ken Harris, Scotsman Ice Regional Sales Manager. “The tea at HTeaO is truly second to none, and The Original Chewable Ice® is the perfect complement to this fine tea. Duncan Supply and Central Restaurant Products have done an excellent job keeping up with this

fast-growing chain, and Scotsman is happy that we’ve helped play a role in their success.”

Scotsman Ice and HTeaO have a long history as Scotsman ice machines have been in all Texas Tea and HTeaO stores since the very beginning. “They’re the best,” says Howe. “We’ve had locations where, when our New Store Operations team arrived, the ice machines were a different brand. We made them replace them all.”





The Scotsman ice is so popular with HTeaO customers that the chain now sells it in 10-pound bags to go. That decision was driven by customers, who want to keep their drinks tasting fresh, says Pohlmeier. “If you want premium water, tea and ice, we’ve got you covered.”

### Heading North

The HTeaO management team realizes the current perception of iced tea is that it’s a Southern drink and for that reason is pursuing what Howe terms an “I-40 strategy.” Almost all of the HTeaO units now operate in the part of the U.S. that falls south of Interstate 40, the highway that starts at the Pacific Ocean in California and traverses the country almost perfectly horizontally until reaching the Atlantic Ocean in North Carolina.

That wide swath of the country includes the Southwest, Texas, the Deep South and Florida — all prime growth targets for the chain.

But Howe understands that to cross that I-40 line heading northward, HTeaO will have to increase its offerings to attract iced tea-hesitant Northerners. And while it will still focus primarily on iced tea, newer units will feature coffee and other cold drinks. Three units already serve coffee, but Perkins says it’s not a major change to the HTeaO concept. “Tea is what makes us unique and who we always will be,” he says.

Howe agrees. “We’re not becoming a coffee shop by any means; we’re just offering a different option in the morning,” he says. “We will be in every state in the U.S. before it’s all said and done.”

## BRAND WATCH

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**1,000,000+**

Tons of Scotsman flake and nugget ice cubes produced daily:

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Scotsman ice cubes produced daily worldwide:

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Crystal-clear ice cubes introduced:

**1950**

The Original Chewable Ice introduced:

**1981**

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