



## **Pollo Campero in the United States**

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## **Abstract**

The case is in-depth and complex and is suited for use with advanced MBA and EMBA students, as well as practitioners. The case describes how Pollo Campero, a Guatemalan chicken restaurant chain, introduced its brand in the US. The case has been structured to present enough information for the reader to decide in which segment or segments Pollo Campero should target and with what strategy. The goal of the case is to learn about building brands from emerging markets; to learn about the process of internationalization of a brand from an emerging economy; and to illustrate a brand expansion beyond its segment of origin.

Key words: Pollo Campero, brands, strategy, segment, emerging economy, internationalization

## **Pollo Campero in the United States**

It was a steamy 2010 hot summer afternoon in Dallas. In his air-conditioned office in the Lincoln Centre Tower II, Roberto Denegri, President of Pollo Campero USA, grappled with the question of what Pollo Campero's strategy to growth should be, considering a sustainable business plan. Pollo Campero had entered the US in 2002, with a single restaurant in Los Angeles, following the Central Americans specifically Guatemalan and Salvadorian population. Since its entry, it had expanded rapidly, and by 2010 it had 48 restaurants in 12 states and Washington DC. Believing it was important to take stock of the situation in order to establish a plan for the second decade of Pollo Campero's presence in the US (CUSA) it was important to understand the drivers of success, segment or segments to target, and other key elements. Therefore, the company had conducted extensive market research and its report was sitting on Denegri's desk. They expounded on what the different consumer segments in the US market were, as well as the individual levers of purchase decisions in each segment, and so on. It was now time to make some critical decisions.

## **Pollo Campero**

Pollo Campero, "Spanish for "country chicken," was founded in Guatemala in 1971 by Dionisio Gutiérrez, as an outlet for his father Juan Bautista Gutiérrez' poultry farm. Pollo Campero offered customers a new fast-food concept in terms of flavor: a tender, juicy, crispy chicken, marinated with a mix of species highlighting Central American flavors. These were the key to the Pollo Campero brand since its beginning.

In 1972, Pollo Campero expanded in to neighboring El Salvador, taking advantage of an opportunity to expand the business to other places where relatives were living and where similarities in consumer behavior were identified. By 1982, the company had 18 restaurants in Guatemala and seven in El Salvador. Board member Francisco Pérez de Antón said that two years later businesspeople from Chile, Argentina, Panama, Florida, Texas, Mexico and New Mexico had requested franchises, but the company did not want to expand that way at that time. He believed that growth through franchising would require a larger organizational structure and greater operational support, so that they could not take those responsibilities.

During the 90's, Pollo Campero began its global expansion by growing within Latin America. In 1992, it opened its first store in Honduras, where it had also acquired a poultry farm. Until then, the company owned and operated stores in Guatemala, El Salvador and Honduras. Despite being only in these three countries, the proximity with the other Central American countries, their business relationship and the frequency with which the Central American people travelled either for business or family vacation, had made the name of Pollo Campero known throughout the region.

In 1997, motivated by the power of the brand developed in Central America, company leaders decided to take advantage of their know-how, so they developed a franchise program which allowed them to open the first store in Panama and later in Nicaragua. The franchise program was supported by a document called "franchise agreement", which gave Pollo Campero responsibility for approving the location of the new restaurants and select their suppliers. It served to ensure product quality control and further to educate and train managers and employees. The high service level in the Guatemalan fast-food industry made the quality standards of this franchise as high as those of some U.S. franchises. In spite of this, the Latino origin of the Pollo Campero brand created skepticism when a franchisor visited the company, as there were few local or regional franchises and most were American or European.<sup>1</sup>

Between 1997 and 2000 franchise agreements were signed with business groups in Costa Rica, Mexico and Ecuador, positioning Campero as the most internationalized Latin American origin fast-food chain in the region, with 143 sites and nearly 6,000 employees. By 2002, Pollo Campero decided to break into the United States, encouraged by the large number of people buying their fried chicken in El Salvador and Guatemala to bring it to their relatives in the United States. CEO Juan José Gutierrez said:

"When boarding a flight from El Salvador or Guatemala to Los Angeles and other destinations, you could smell the chicken all the way, so the Campero management team, further motivated by suggestions from airline managers, resolve to take this opportunity to offer their product at this market niche, and we did so through franchisees just as we had been doing in Latin American countries."

The first Pollo Campero restaurant was opened through a franchise agreement with Adir Restaurants Corp., a sister company to La Curacao, in Los Angeles (LA.) LA had the highest number of Central Americans of any city in US, making it an ideal starting ground for the first restaurant. Likewise, Adir Restaurants Corp. was an ideal choice as the LA based company understood the Hispanic community in particular the Central American customers in California, and its success hinged on its deep understanding of this customer base. Founded by Jerry Azarkman, La Curacao sells a wide variety of consumer electronics such as home computers, video games, DVDs, DJ equipment, mobile phones, and digital cameras, as well as home appliances and furniture, in a non-commissioned sales environment similar to Best Buy. Each of the stores includes a department for audio/visual equipment for automobiles, offering on-site installation services. La Curacao caters its services specifically to the needs of the Hispanic community. For instance, its export service delivers merchandise to Central America and Mexico from warehouses in Mexico, El Salvador and Guatemala. The company also provides credit, home mortgage services, travel services, and money transfer with customers able to use their cards to borrow the money they transfer.

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<sup>1</sup> Jesus Revilla and Arturo Condo, Pollo Campero," INCAE Business School No. 26332.( INCAE Business School Publishing, 2003), p22

The openings broke sales records in the industry, hitting \$1 million in its first 22 days<sup>2</sup>. Juan José said,

*"People came to the newly-opened Pollo Campero restaurant and for several months, especially at the beginning, the restaurant was full of customers. That was very encouraging. We found that more people than normal came because some drove from far off places to visit, but only at the opening time. Of course, after that they did return but just occasionally, therefore, we had to keep with the Central Americans living near the restaurant."*

Noting that customers wanted their product, Campero began to approach them by opening stores in other states, especially those with large settlements of Central Americans, such as DC, Texas and New York.

In 2003 it created CUSA, to manage operations in the United States. It was led by Juan José Gutiérrez, president, and Roberto Denegri, vice-president, plus a finance director, a person in charge of granting franchises and operations manager. Working out of Guatemala, they took as many trips as required to open new stores and to monitor the proper management of restaurants by their franchisees. Operations Manager Rodolfo Bianchini said,

*"Restaurants required someone to break in hands and make them ready for opening, so we stayed between two and three weeks working on them. We spent about half of the year in the United States."*

Pollo Campero's focus from 2002 to 2007 was to target the Central Americans in the US. This group knew the company from home and had some awareness about it. During that period of time the firm had managed to open 30 restaurants, working with seven franchisees responsible for managing large geographic extents, including an entire state. Pollo Campero knew it had a great brand and it was interested in exploiting it. When a restaurant opened, sales ranged between US\$ 15,000 and \$ 50,000 per day. According to Denegri, these results were better than those for competitors, leading the franchisees to open more restaurants.

In 2007, Juan José Gutierrez and his Board of Director in Guatemala wanted to growth faster for that matter they thought they needed a better picture of the situation in the US. After undergoing a business strategy process with a US consulting firm, they agreed Pollo Campero had the chance to broaden their target to the US market which includes all Hispanics and mainstream US consumers. They had identified the potential to open about 500 restaurants and the need for the CUSA to be located in that country. They argued the company did not know the US market and that, being located in Guatemala made it hard for them to understand events in the restaurants and in the industry as a whole. Consequently, CUSA began operating from the United States, settled in Dallas for its proximity to Guatemala (a 3-hour flight) and for being a strategic location

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<sup>2</sup> Michael Arndt, "At Pollo Campero, Growth Is on the Menu," Bloomberg Business Week March 11, 2010. [http://www.businessweek.com/magazine/content/10\\_12/b4171072640171.htm](http://www.businessweek.com/magazine/content/10_12/b4171072640171.htm), accessed February 2012.

for operations' logistics. The team was restructured. Juan José Gutiérrez remained as CEO and was the only one living in Guatemala. Roberto Denegri had become president and also served as COO. The most urgent weaknesses were mitigated by formalizing the operations and marketing departments, bringing in two specialists in each area with extensive experience in the U.S. to lead these departments (Exhibit 1).

Initially the restaurants in the US were a simple copy-paste of its offering in Central America. Even waiters and cashiers spoke better Spanish than English since a core part of them were Central Americans. These employees were also very proud and committed and wanted to be part of the expansion of Campero in the US. The company quickly realized the importance of tailoring its offerings to the US market as decided in the strategy process and opened company-owned restaurants which enabled it to learn from its own restaurants and test new concepts as well as provide training to new franchisees. Moreover, it enabled Pollo Campero to more credibly push its new products and strategies to its franchisees, as it now had its own “skin in the game”, according to Denegri.

CUSA opened in 2007 two new restaurants in Dallas, Preston Road North Dallas and 121 and Glad in Euless and bought back 50% of a restaurant established in 2004 in a joint venture with a franchisee to have more of a base in Dallas. The latter restaurant was located at North West Hwy, 3071. It measured 350 m<sup>2</sup> (3800 square feet), with 96 seats. Dallas had 449,600 households with an average of 2.6 members and household income of US\$ 41,800. The Hispanic population accounted for 42.4% of the entire population with strong roots of Mexicans and Central Americans, whites 28.8% and blacks 25%. It was also near the city of Irving, with 80,600 households with 2.6 people on average and household income levels close to US\$ 47,000. The most attracting feature for Campero was the number of Hispanics living there (41%), followed 30% whites, 14% Asians, and 12.3% blacks. Another nearby city was Farmer Branch with 45.4% of its population made up of Hispanics, 44.2% whites, and 10,400 households composed of 2.6 people and average household income of roughly \$ 57,500. In Carrollton there were 42,400 households of 2.8 persons with household income close to US\$ 70,000. It was estimated that 46.3% of the population were white, 30% Hispanic and 14% Asian. The restaurant was also near Richardson, a city with 37,500 households of 2.6 people on average and household income of US\$ 68,000. However, only 16% were Hispanic.<sup>3</sup>

By late 2007 there were 36 restaurants under the name of Pollo Campero. Before that date managers had realized that, given the size of the US market and the number of competitors in this category, it had been a mistake to grant a full state to a single franchisee, specially, if they were after faster growth. The high cost of investment to open store and the complexity of their management limited their capabilities. The increase in restaurant openings was the result of an increased number of franchisees (from 7 to 20), each of them responsible for managing an

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<sup>3</sup> U.S Census Bureau. “State and Country QuickFacts”. <http://quickfacts.census.gov/qfd/states/48/4837000.html>, accessed April 2012.

average of three restaurants in smaller geographical areas. The franchise opportunities were offered under a Disclosure Document, and were only for the development and operation of Pollo Campero restaurants outside of the ADIR territory and within the United States. ADIR became a master developer in 2001 and it was the only sub-franchisor licensed by Pollo Campero to offer sub-franchises in California, Washington, Oregon, Nevada, New Mexico and Arizona.<sup>4</sup>

The company also entered into an agreement with Wal-Mart in November 2007, to run Pollo Campero restaurants inside Wal-Mart stores. It was a great opportunity to open stores nationwide. For the world's largest retailer, Pollo Campero offered a new opportunity to reach out to its diverse range of shoppers as it customized some aisles in its mammoth stores to sell culturally attuned products. Guiselle Ruiz, Vice-president and Regional General Manager of Wal-Mart Stores, U.S, said,

*"Our customers today come from many different backgrounds and all walks of life. Many are Latin American, and they are among our fastest-growing markets. It stands to reason that our offerings reflect the needs of the communities we serve. We know Pollo Campero will add value to Wal-Mart with its premium Latin American restaurant brand".<sup>5</sup>*

Lorenzo López, Wal-Mart Stores Inc. spokesman, highlighted,

*"It's kind of like when we're looking at salsa versus ketchup and tortillas versus bread"<sup>6</sup>*

The company had set itself the goal of being among the 50 quick-service restaurants brands in the US with over 300 restaurants by 2014. Still restaurants opened and closed between 2009 and 2010. According to CUSA officials those closings occurred for three main reasons: some restaurants not being able to expand beyond the Central Americans audience, economy pressures from the recession which impacted the entire industry with net closures for the first time in 30 years, and some restaurants had opened very close to each in the early years, some within a mile. However it was more the number of openings than that of closings and the chain continued to grow thus favoring the finances of CUSA when comparing 2009 against 2008 (see Exhibits 2 and 3). Although some restaurants had closed, only one franchisee chose to terminate the

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<sup>4</sup> Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

<sup>5</sup> Marketwire "Wal-Mart Celebrates Latin American Flavor with Pollo Campero" Marketwire, November 2007 <http://www.marketwire.com/press-release/wal-mart-celebrates-latin-american-flavor-with-pollo-campero-nyse-wmt-792889.htm> accessed February 2012.

<sup>6</sup> Daily News, "Pollo Campero Franchise expanding to Wal Mart" Daily News May 2008 <http://www.nydailynews.com/latino/pollo-campero-franchise-expanding-wal-mart-article-1.332342#ixzz1rfiknQxD> accessed April 2012

contract. The rest remained confident that CUSA would find the right way to open more stores and to ensure their sustainability.

By June 2010, the rate of growth defined during the 2007 strategy session and the following goal of 300 restaurants by 2014 was not being accomplished. Pollo Campero had only 48 stores in 12 states and Washington D.C. (see Exhibit 4).

Denegri and his team were reviewing the characteristics of the core restaurants of Pollo Campero. Denegri said,

*"For decades, United States exported its successful fast-food brands worldwide. Now, foreign restaurant chains like Pollo Campero were seriously making inroads in the United States with new flavors. Let's face it; some consumers are tired of eating the same fried chicken."*<sup>7</sup>

Pollo Campero restaurants feature drive-through windows and brightly colored booths with Latin authenticity (Exhibit 5.) The U.S. menu includes fried plantains and milky *horchata*, drinks from its original menu, but also unique USA dishes such as grilled chicken and mashed potatoes aimed at US consumers at large (Exhibit 6.) The cooking process of chicken, marinated with over 20 ingredients including spices native to Central America and breaded by hand, made the flavor penetrate to the bone. Chicken was juicy and free of trans fat, differentiating Campero from other restaurants. At each Campero restaurant the kitchen, outside the scope of the customers view, was full of fresh products. Beans were cooked at the restaurant and were the result of blending nine ingredients. Raw materials for salads and dressings was chopped and mixed at the time; the same was true for all other products, nothing frozen was used. To prepare each food an extra step was added, so you could feel its freshness like eating something made at home. However, simultaneously chicken was fried and kept at dispensers warmed with heaters.

Unlike other quick-service restaurants, in about half of the chain, not all of the food was ready immediately. Customers ordered and then staff delivered the order to the table with stainless steel cutlery and crockery, in the style of fast casual restaurants. This feature was actually unexpected by many customers and up to a certain point confused new customers' expectations for this type of restaurant and in some cases drove them not to visit again. However, that feature had a strong fit with the food quality and flavors of Campero and many customers said that their food was worth talking about.

Campero's prices varied all across the US, on average prices tended to be at par with KFC and a little less than Popeyes. However, both of those brands spent huge dollars on TV promoting special so they get a stronger value perception with consumers. It is not really about the prices but because Campero does not have the dollars to spend on marketing to compete with bigger brands. Following its competitors, Campero had added snacks to the menu, with prices from US\$ 0.99 for products like a tortilla with chicken, with the slogan: "More Campero for less

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<sup>7</sup> El Lider USA "Pollo Campero Continúa su Expansión en Estados Unidos, Aprovechando el Atractivo de las Comidas Rápidas, Extranjeras y Rápidas!" El Lider USA <http://www.elliderusa.com/noticia/4955/2/0/> accessed April 2012



money (más Campero por menos dinero)." Even nontraditional consumers chose to buy these goods.

CUSA soon realized that the copy-paste approach was not good. In Central America people know about Pollo Campero. In Guatemala, people take their families to Pollo Campero. It is a family-oriented place, where you may take your mother on Mother's Day. In the US, outside of the Central Americans costumers, the name was totally unfamiliar and meant nothing. Rodolfo Bianchi clearly appreciated it and said in relation to the restaurant in Wal-Mart,

"Most people didn't know the brand. However, we are simply a "chicken" concept. So people came over and tried the product and in most cases they ended up very pleased."<sup>8</sup>

So Denegri realized that they needed to understand how the broader set of US consumers perceived everything about Pollo Campero and its main competitors. How did they perceive the name, the facilities, the products, and the experience? Were they comfortable in different environments such as the "Latin" environment of Campero? Also, how consumers connect themselves to Pollo Campero and its competitors' brands, how they interact with them and how they want the brand to serve them. To analyze the engagement of customers Denegri wanted to use a framework of analysis provided by one of their consulting firms (Exhibit 7).

Core customers, Central Americans, focused on the quality of the food and overlooked the different components of the experience because they had a strong heritage that strongly connected them with the brand. Moreover, in the US, site selection was much more important since in Central America the strength of the brand drew customers, irrespective of location, and the competition was far less intense. However, new consumers were not familiar with Pollo Campero and lacked a clear connection to the brand. Brand elements such as the name and logo were unclear and confusing. For example, experts mentioned that "the little chicken" was infantile and cheap and therefore did not reflect the food quality of Campero. On the other hand, the logo typography appears as of a Western origin, the shape was similar to many of their competitors and the word "Pollo" was in Spanish and used by some competitors (Exhibit 8).

The focus on the Central American population limited Pollo Campero's growth since only 0.6% of the US population identified themselves as Central Americans and they generally tend to practice the customs and behaviors of Americans.<sup>9</sup> Their family income did not exceed \$ 40,000 per year, but they visited quick-service restaurants about five times per week and spent between US\$ 22 and US\$ 26. The atmosphere at the restaurants welcomed Central Americans best and Hispanics by exception. However, their heavily Latino environment suggested to some that it

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<sup>8</sup>: Daily News, "Pollo Campero Franchise expanding to Wal-Mart" Daily News May 2008  
<http://www.nydailynews.com/latino/pollo-campero-franchise-expanding-wal-mart-article-1.332342#ixzz1rfiknQxD>  
accessed April 2012

<sup>9</sup> InterBrand Design Forum. "Segmentation and Brand Strategy " Powerpoint presentation. Pollo Campero USA Corp. June 18, 2010

was not conducive to attracting mainstream Americans, even though these were the largest population and the one with the most purchasing power.

In addition to its foray into the US, in 2006, Pollo Campero crossed the Atlantic to open a restaurant in Spain and then Andorra. It did so through a joint venture between Campero and Agrolimen, a Spanish business group, through its affiliate company Eat Out Group, owner of the Telepizza chain, ranking number one in pizza sales in Spain. Their franchise in Central America was run by Pollo Campero. The following year it entered China and Indonesia, and is currently also in Bahrain and India, also through joint-venture with other business firms knowledgeable of that industry in those countries. Today, the family group revenues equal US\$ 2.2 billion, of which Pollo Campero accounts for US\$ 400 million. Revenue comes from the more than 80 million customers it serves yearly in 14 countries (Exhibit 9) through a network of some 330+ restaurants. The company has three divisions. The Latam division based in Guatemala runs the Latin American business, the US division runs the US out of the Dallas HQ, and a third division called Campero International Franchising runs the rest of the world and is headquartered in Spain.

## **Characteristics of the franchise agreement**

Through its franchises Campero USA Corp. (CUSA) allows to operate Pollo Campero stores that sell the uniquely Pollo Campero chicken products ("Pollo Campero Menu Products".) Franchises must sign a Store Development Agreement to develop a single specific location or a network of Pollo Campero Stores within a targeted area or areas under the Store Development Program. A network typically consists of three or more stores. In addition to the typical Pollo Campero Store, CUSA grants to qualified prospects the right to operate a Pollo Campero "Express Unit." An Express Unit is suited to some urban areas and special venues, where conditions require a more concise format, such as within shopping malls and airports, and may include Special Distribution Opportunities offered to franchisees.<sup>10</sup>

All Pollo Campero Stores must be developed and operated to Campero USA Corp. specifications and standards. Uniformity of products sold in Pollo Campero Stores is important, and franchisees have no discretion in the products they sell. The Franchise Agreement is limited to a single, specific location and CUSA has the right to operate franchise or license others who may compete with other franchises for the same customers, subject to any limited territory granted in a Store Development Agreement.

The unique characteristics of the Pollo Campero System include a distinctive exterior and interior design, decor, color and identification schemes and furnishings; special menu items; the unique flavor of their fried chicken, marinated and breaded with a secret formula; standards, specifications and operation procedures; quality of products and services offered; management programs; training and assistance; and marketing and promotional programs, all of which CUSA

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<sup>10</sup> Campero USA Corp. "Franchise Disclosure Document" (Dallas: Campero USA Corp, 2011), p 365.

may change, supplement, and further develop. The typical Pollo Campero Store depends upon serving a large number of customers for its success and is generally located in heavily populated areas.

The total investment required to begin operation of a Pollo Campero restaurant ranges between \$826,537 and \$1,652,500 for a Free-Standing location; \$651,950 to \$1,433,500 for an In-Line location, and \$312,421 to \$679,500 for an Express location. These total investment ranges included a \$40,000 initial franchise fee, and if the franchisee leased or subleased the premises from Campero USA Corp, \$5,000 for the security deposit and prepaid rental charges would be required, for a total of \$45,000 in initial fees that must be paid to CUSA or its affiliates before the franchisee opens its business (Exhibit 10). Two other fees were the “Continuing Franchise Fee” and the “Continuing Advertising Fee”, each one amounted 5.0% of gross sales and must be paid weekly. Monitoring of sales and operating costs at different types of stores showed variability between the Eastern and Western regions of the United States (Exhibits 11 and 12).

The typical free-standing retail Pollo Campero restaurants were the restaurants that did not share any common walls with any third party. They generally required a lot ranging from 1,400 m<sup>2</sup> to 4,000m<sup>2</sup> (15,000 to 43,000 square feet) and a building ranging from 170 m<sup>2</sup> to 260 m<sup>2</sup> (1,800 to 2,800 square feet) in size. In-Line Pollo Campero restaurants were the restaurants sharing a common wall with a third party, such as in a strip center. They were generally 185m<sup>2</sup> to 300m<sup>2</sup> (2,000 to 3,200 square feet) in size. Finally the Express Pollo Campero restaurants generally ranged from 65m<sup>2</sup> to 150 m<sup>2</sup> (700 to 1,600 square feet) in size.

## **Industry and Competitive Landscape (US)**

United States was estimated to have over 945,000 food service outlets in 2009 employing 12.7 million people. The National Restaurant Association (NRA), projected a 2.5% increase in industry revenues by 2010 over 2009, reaching US\$ 580 billion (Exhibit 13). Stores were categorized by their nature as commercial sites accounting for 91.4% of revenues and noncommercial ones accounting for 8.6% (Exhibit 14).<sup>11</sup>

Commercial sites had full-service restaurants whose income for 2010 was forecast at \$ 184.17 billion, with a 1.2% increase over the previous year. Full-service restaurants were characterized by offering good tasting food and cooked to order, thereby ensuring freshness. Food was served in a dish, distributed in a visually pleasant way. Customer service was provided by a waiter responsible for serving customers and taking their orders at the table. Decor was highly specialized, with materials appropriate to the atmosphere that the restaurant decided to offer its customers. It always tried to create a welcoming environment to give clients a unique experience. This group featured fine dining, casual restaurants ("casual dining"), restaurants to

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<sup>11</sup> Richard K. Miller and Associates. "The 2011 Restaurant , Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

dine ("dinner houses") and restaurants for families to eat together, known as "family-dining restaurants". The latter three categories represent casual dining which implies a waitress service, with a menu, more expensive than Quick Service Restaurants (QSRs) or fast casual, plated meals as a full service restaurant, but it was still casual or themed attire for servers.<sup>12</sup>

On the other hand, there were limited-service restaurants. For these, a 3% increase in revenue for 2010 over 2009 was predicted, reaching US\$ 164.8 billion. QSRs were characterized (as their name indicates) for prompt attention. To do so, they prepared food in advance. Taste, freshness and appearance were fair to low. Restaurants were simply decorated. They were designed for customers to spend little time at them and live the experience of caring for themselves. This included activities such as ordering and then getting food to the table, pouring the drinks and picking up the tray once they finished eating. One of their main attractions was price accessibility. The average customer paid US\$ 3.9 in the morning, US\$ 5.6 for lunch, US\$ 6 for dinner and \$ 3.5 for a snack in the course of the afternoon.<sup>13</sup>

The "fast-casual restaurants" were a limited-service category of restaurants, serving fast, convenient food but focusing on providing a great experience and excellent value to customers through food with good taste, appearance and freshness in addition to a friendly atmosphere and excellent service. These restaurants combined the strategy of full-service restaurants with that of QSRs, offering a luxury product at an average price of US\$ 10, making customers feel good about themselves for having done an excellent investment.<sup>14</sup> Although customers and industry experts valued what these restaurants offered, they continued to classify them as QSRs. This was the only category experiencing growth after the 2009 recession. The NRA research vice president said that fast-casual restaurants would have a better performance than the rest of the industry since it captures the sweet spot between QSR and casual dining. Fast and convenient service was like QSR but much higher quality food and atmosphere was like casual dining everything at a reasonable price point just between the two.

In general, 43% of sales in this industry were made at dinner time, 31% at lunch time and 9% at breakfast. The remaining 17% of sales took place while customers traveled (10%) or purchased snacks (7%).<sup>15</sup> The restaurant industry operations report developed by NRA indicated that full-service restaurants sales of solid food accounted for 79% of total sales, with drinks accounting for 21%. The figures for limited-service restaurants were 86% and 4%, plus 10% for other products. The most important cost for both full and limited-service restaurants was raw materials used in the preparation of dishes US\$ 61.1 billion and US\$ 48.8 billion respectively (Exhibit 15).

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<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> George Green "Fast Casual Is Still the Future" QSR magazine October, 2012

<http://www.qsrmagazine.com/george-green/fast-casual-still-future?microsite=598+4116>, accessed March 2012

<sup>15</sup> Richard K. Miller and Associates. "The 2011 Restaurant, Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

Full and limited-service restaurants were either independent or belonging to a chain. A census conducted by the NPD Group revealed that in 2009 there were 294,000 independent restaurants and 234,000 stores belonging to chains. Chains had their own restaurants but also granted franchises or licenses for third parties to handle restaurants under their brand, interior design and products. Independent or local restaurants and small chains were stronger in the northeastern United States, where there were more Italian restaurants, donuts or bagels restaurants and delis. In the West, Asian and Mexican restaurants were the most popular, while the South East was more oriented to chains. In 2003, 53% of customers visited one of the big restaurant chains, 14% visited a small chain and 33% visited independent or local restaurants. Six years later, in 2009, 59% of customers visited the big chains, 11% small chains and 30% independent or local restaurants. Independent or local restaurants stand out by specializing in a unique, local or authentic food product that is uncommon in the market in which they operate, offer a change of pace from larger category players with more expected offerings, and had a tendency to offer a genuine personal experience in the restaurant.

The country had 362 large restaurant chains with annual revenues equal to or greater than US\$ 50 million. Distribution according to products on the menu, restaurant features and customer service showed 196 full-service restaurant chains and 99 limited-service chains. Full-service restaurant chains included Applebee's, Neighborhood Grill & Bar, Chili's Grill & Bar, TGI Friday's, Olive Garden, On the Border Mexican Grill & Cantina, Red Lobster, Outback Steakhouse and Denny's. Limited-service restaurant chains included McDonald's, Burger King, Taco Bell, KFC, Wendy's, Subway, Popeyes Chicken & Biscuits, Church's Chicken and Pollo Campero. In addition, fast-casual chains included Panera Bread, Chipotle Mexican Grill, Qdoba Mexican Grill and Chick-fil-A.<sup>16</sup>

Chipotle Mexican Grill was an expert at its style of food offering a lot of flavor in every single plate. Customers in line in the restaurant could see each ingredient for them to choose to make a burrito, taco or salad right there. A highlighted ingredient was chicken, described as follows:

"It comes from naturally-raised chicken and is marinated overnight with our spicy smoked chipotle, then grilled. Grill marks give it a subtle, caramelized flavor."<sup>17</sup>

In addition to chicken they sold beef and offered pork, vegetables, rice, beans, guacamole, sour cream and spicy sauces. Guacamole was made at the kitchen. Also, onion was cut and food was prepared manually and fresh. Steve Ells, Chipotle founder and CEO, said that the atmosphere at these restaurants was simple but a unique experience:

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<sup>16</sup> Franchise Times. "What exactly is fast casual?" Franchise Times January 2008.

<http://www.franchisetimes.com/content/story.php?article=00643> accessed April 2012.

<sup>17</sup> Chipotle Mexican Grill. "La compañía" <http://www.chipotle.com/es-MX/menu/ingredientes/ingredientes.aspx> accessed March 2012.

"Perceiving sounds and smells and seeing when something is cooked can really help whet your appetite. Unfortunately in many restaurants the "cooking" part is more like a science experiment. For this reason, each Chipotle is designed with an open kitchen facing the entire restaurant.<sup>18</sup>

Ten chains with chicken as their main course ranked among the top 50 limited-service restaurant chains in the United States (Exhibit 16). Kentucky Fried Chicken was the chain with highest income US\$ 4.9 billion, 5200 stores in the U.S. and 15,580 worldwide. This company specialized in fried chicken and claimed that,

*"The mission was to serve the world the best-tasting chicken. To do so they used the best ingredients, fresh whole chickens. These were breaded by hand, with the original recipe, and were cooked by a KFC-certified cook. The reason for this is that fresh chicken tastes better."*

Some four million people per year visited a KFC restaurant in the United States. Every year they ate 800 million muffins, 45 million kilograms of coleslaw and 90 million kilograms of mashed potatoes. Annual chicken sales were estimated as 1,8 billion. The main product was the original recipe. Chicken was marinated with 11 different species and cooked under pressure. It was also sold as extra crispy, or in strips. In addition, chicken was offered combined with hot sauce or BBQ sauce, and roasted. Individual dishes could cost US\$ 1 if the products were on promotion, but usually they were around US\$ 6 with side dishes and beverage (soda or iced tea.) They offered children's menu and family combos (around US\$ 18 for five people) and focused on serving customers quickly and only at the counter, where customers ordered, paid, and picked food. Customers could not see the kitchen from the counter, as it was after hidden behind dispensers for ready, packed food to serve customers quickly.<sup>19</sup>

In 1946 Chick-fil-A, entered the industry in Atlanta, Georgia. Since then it specialized in marketing sandwiches made with boneless chicken breast. Breast was breaded and then fried or grilled. Sandwiches differed based on cheese type, salsa and some including lettuce or tomato. The menu also included nuggets, wraps, and a wide range of salads in large plates or bowls, chicken soup with tortilla and chicken breast soup with vegetables, French fried potatoes and coleslaw. Innovative dishes included freshly marinated chicken strips, hand-breaded and pressure-cooked in peanut oil. Tables were decorated with natural flowers, as were bathrooms, its restaurants offered a welcoming environment, and they were considered as a great place for the family. Chick-fil-A had some 500 stores in 39 states and Washington, DC. In addition to its food service, Chick-fil- A was a strong supporter of the local communities.

The fried-chicken Popeyes chain featured a design both at the menu and at restaurant reflecting the excitement of New Orleans, where it began in 1972. It offered the marinated chicken in the

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<sup>18</sup> Chipotle Mexican Grill. "Restaurantes" [http://www.chipotle.com/es-MX/restaurants/the\\_chipotle\\_experience/the\\_chipotle\\_experience.aspx](http://www.chipotle.com/es-MX/restaurants/the_chipotle_experience/the_chipotle_experience.aspx) accessed March 2012.

<sup>19</sup> Kentucky Fried Chicken "About us". <http://www.kfc.com/about/> accessed March 2012

traditional Louisiana style, characterized by a spicy condiment, as well as without it, with dishes like mashed potatoes, muffins, coleslaw, red beans and rice, green beans and apple sauce. Service and promotions were very similar to KFC's as were different forms of chicken and sauce. Unique products in their menu included a flour tortilla burrito, made with red beans, rice and chicken.<sup>20</sup>

Originally from San Antonio Texas since 1952, Church Chicken was another chain specializing in selling fried chicken. Their products and service closely resembled KFC. They described their product as high-quality, freshly prepared chicken that was different from their competitors' product as a result of care taken in preparing food. In addition to original fried chicken it offered spicy chicken, boneless chicken wings with spicy sauce, BBQ or sweet and sour chicken, chicken burgers, chips, handmade muffins, corn, fried jalapenos and coleslaw. It was present in 22 countries, with 1,625 restaurants.<sup>21</sup>

The "Pollo Loco" chain, founded in Mexico in 1975, had more than 400 restaurants in California, Arizona, Nevada, Texas, Illinois, Connecticut, Oregon and Utah. However, most of their restaurants are located in LA where they have their real market share, They have not been able to expand successfully outside LA. By 2010 most of the restaurants in others states were either closed or just have a handful of restaurants.

It stressed as its priority to provide healthy food options to customers, and it did through roast chicken. It constantly brought fresh, delicious dishes to its menu inspired by Mexican cuisine. The main dishes consisted of different pieces of grilled chicken, fresh vegetables, pinto beans, and crispy, fresh salads and other options to suit the client taste. Also it offered other dishes like Caesar salad, chicken fajitas bowls and tortilla soup with chicken. As a side to chicken or main courses it offered its own hot sauce, red chili hot sauce, jalapeno sauce, *pico de gallo*, guacamole, sour cream and flour tortillas, plus a wide variety of soft drinks, iced tea and horchata.<sup>22</sup>

Despite not being among the top ten restaurants, Pollo Tropical advertised as the site to relax and enjoy a great meal prepared with fresh products and served quickly. Originally from Miami, with its first store opening in 1998, by 2009 the company had about 70 stores in Florida, and also in cities like Brooklyn, Woodbridge, North Bergen, Little Ferry and Clifton in New Jersey.<sup>23</sup> It described its product as chicken always fresh, never frozen, free of hormones and trans fat and marinated citrus and then cooked on the grill. It estimated to cook about 11 million kilograms of chicken per year. Its menu also included pork, *quesadillas*, sandwiches, white rice, yellow rice, beans, fried cassava, and cassava and plantains with cheese. Average income per transaction was

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<sup>20</sup> Popeyes, "About us", <http://www.popeyes.com/story.php> accessed March 2012

<sup>21</sup> Church's Chicken. "Company" <http://www.churchs.com/company-history.html> accessed March 2012

<sup>22</sup> El Pollo Loco, ""Compañía" <http://www.elpolloloco.com/default.aspx> accessed March 2012

<sup>23</sup> Enotes. "Pollo Tropical" Enotes. [http://www.enotes.com/topic/Pollo\\_Tropical](http://www.enotes.com/topic/Pollo_Tropical), accessed March, 2012



US\$ 9.38, with entrees priced between US\$ 4 and US\$ 9 (Exhibit 17).<sup>24</sup> Customers purchased and paid at the counter and brought the product to their table. However CEO Larry J. Harris regarded Pollo Tropical as a fast-casual restaurant due to product taste and also because customers were allowed to observe food preparation, giving a sense of transparency and security about food safety and ensuring freshness. However, industry experts considered this chain closer to QSR than fast-casual.

## Customers in the US

World Bank statistics indicated that the U.S. population had grown at a rate of 0.9% annually over the last 5 years, reaching 307 million people. Four ethnic groups predominated. Whites, which accounted for 64% of the entire population, included people from Europe, the Middle East and North Africa, from countries such as England, Germany, Morocco and Italy. The Hispanic group consisted of people from Cuba, Mexico, Puerto Rico and Central and South America and accounted for 16% of the population. African Americans accounted for 13% and included colored people from countries such as Kenya, Nigeria and Caribbean islands such as Haiti. Asians accounted for 5%, and consisted of people from Southeast Asia, the Far East and India, and countries such as China, Japan, Cambodia, Philippines, Malaysia and Vietnam. The remaining 2% was made up of Native Americans from Alaska and Hawaii, among other groups.

<sup>25</sup>

Hispanics had the fastest growth rate among all ethnic groups, nearly 4% per year between 2000 and 2009, reaching 49.1 million people for the last year. Among Hispanics, Mexicans accounted 63.0% of this population, followed by Puerto Ricans (9.2%) Cubans (3.5%) Salvadorans (3.3%) Dominicans (2.8%) and Guatemalans (2.1%). Other Central American people such as Hondurans accounted for 0.7% and Nicaraguan accounted for 0.3%, as did Costa Ricans. Importantly, in 2000 Salvadorans accounted for 1.9% of this population and Guatemalans accounted for 1.1%. Both increased substantially and reached greater representation among Hispanics, as mentioned above.<sup>26</sup>

By 2010, it was predicted that 41% of Hispanics would be living in the West and would amount to 29% of the region's total population, while 36% of Hispanics would be living in the south and amounting to 16% of the entire population in the region. In the northeast 14% of the Hispanic population lived and accounted for 13% of the total population in the region, while the Midwest was inhabited by 9% of Hispanics, accounting for 7% of the population in that region (Exhibits

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<sup>24</sup> Pollo Tropical. "Menu" <http://www.pollotropical.com/default.aspx> accessed March 2009.

<sup>25</sup> United States Census Bureau, "Population Estimates 2010" <http://www.census.gov/prod/cen2010/briefs/c2010br-02.pdf> accessed March 2012

<sup>26</sup> United States Census Bureau "The Hispanic Population 2010" <http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf>



18 and 19). Of the Hispanic population, 75% was concentrated in California, Texas, Florida, New York, Illinois, Arizona, New Jersey and Colorado. The state with most Mexicans was California (11.4 million), followed by Texas (7.9 million), Arizona (1.6 million), Illinois (1.6 million) and Colorado (0.7 million). The Salvadoran population was concentrated in California (570,000), Texas (220,000), New York (155,000), Virginia (124,000) and Maryland (124,000.). The Guatemalans were found in larger quantities in California (330,000), Florida (84,000), Texas (74,000), New York (66,000) and New Jersey (49,000.)<sup>27</sup>

There were about 117.5 million U.S. households, of which 74% were family households and 16% non-families. In 2009, the average household income in real terms was US\$ 50,500. Whites accounted for 71% of all households, with average income of US\$ 55,300. Hispanics accounted for 11.3% of households, with an average income of US\$ 38,700. African Americans made up 12.6% of households and had incomes of US\$ 33,150. Finally, Asians made up 4.0% of households with average incomes of US\$ 66,500.<sup>28</sup>

Household distribution by age of household head resulted in 5% led by someone under 25 years. Average household income was about US\$ 31,200. Sixteen per cent of households were headed by someone between 25 and 34 and their average income was US\$ 51,000. Between 18% and 21% of households were headed by people between 35 and 44 and 45 and 54 years old. The average income for these groups was US\$ 62,100 and US\$ 65,300, respectively. Seventeen per cent of households were headed by people between 55 and 64 years with income around US\$ 58,000. Households headed by people aged 65 or older were 22% with total income close to US\$ 32,000.<sup>29</sup>

Restaurant type choices varied by ethnic group and household income and its characteristics (Exhibit 20). Middle-aged consumers spent more at restaurants as they had higher incomes and households with more people. In general, householders aged 35 - 54 spend between 17% and 21% more than the average consumer. Older consumers were more likely to choose full-service restaurants. Fifty-seven per cent of the budget at households with an age range between 25 years and less was devoted to QSRs. However, the preference for QSRs decreased as age increased. Households with one parent and children tended to visit QSRs and devoted 61% of their budget to eating out. On the other hand, households made up of couples without children spent only 33% of their budget at QSRs. The largest expense on eating away from home was that of households made up of couples with children of school age or older still living at home. On average they spent between 50-54% more than other households. Couples whose children no longer lived at home devoted more of their budget to full-service restaurants than to QSRs.

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<sup>27</sup> Ibid

<sup>28</sup> Carmen Denavas, Bernadette D. Proctor and Jessica C. Smith Income, "Poverty, and Health Insurance Coverage in the United States: 2010" United States Census Bureau 2011 <http://www.census.gov/prod/2011pubs/p60-239.pdf>

<sup>29</sup> Ibid

## Current Market Data

CUSA officials realized that demographics characteristics were not enough to figure out which segment they should target and how to go after it. They needed to understand US consumers in more detail. Thereby, together with marketing experts, they did a segmentation study that analyzed psychographics characteristics. The study showed several drivers that combine with consumer a behavior analysis allowed to identify differences between consumers beyond demographics (Exhibit 21).

Marketing experts had identified six segments within the United States where Pollo Campero could focus, characterized as follows (Exhibit 21). First, open-minded food-lovers, included 17% of the population, mostly whites or Hispanics aged between 18 and 35 and represented 29% of the total QSR/Fast Casual total spending. They were waiting to see new restaurants open, seeking new experiences and new tastes to share in group with family or friends. Their household income ranged between US\$ 50,000 and US\$ 150,000. They used to spend close to US\$ 40 in a fast food restaurant, and up to US\$ 50 in fast casual restaurants. They visited these sites 3 - 4 times a week.<sup>30</sup>

Couples without children, accounting 30% of the population, integrated mostly for white people, generally sought for simplicity, highly-convenient places, especially those meeting their needs as couples, co-worker or friends and represented 15% of QSR/FC total spending. Household income ranged between US\$ 50, 000 and US\$ 100,000, and they spent about US\$ 11 and US\$ 20 in quick-service and fast casual restaurants, respectively. They visited these places 3 to 4 times per week.

Then there were families, mostly with two children, whose main concern was food to live, 17% of the population was part of this group and represented 13% of total QSR/FC spending. They did not seek new alternatives or flavors, so traditional fast food were their main choice. Their household income varied greatly and they mostly received US\$ 75,000 or less. They spent around US\$ 20 at fast-food restaurants and US\$ 28 at fast casuals and they visited these places at least three times per week.

Some customers, approximately 15% of the population, saw quick service as convenient as they were looking for meals that satisfied their appetite instantly. They were usually single and had no children. They visited restaurants by themselves at least three times a week, so the QSR met all their needs this group represented 4% of total spending of QSR/FC. Household income was mainly US\$ 30,000 or less and between US\$ 50,000 and US\$ 100,000. They usually spent about US\$6 at quick-service restaurants and they rarely visited the fast casual restaurants, where they spent US\$ 8.

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<sup>30</sup> InterBrand Design Forum. "Segmentation and Brand Strategy " Powerpoint presentation Pollo Campero USA Corp. June 18, 2010

There were also people, around 12% of the population, looking for healthy food and concerned about the restaurant doing something good for the world. Totally committed to corporate social responsibility and sustainability, they analyzed options in detail before making a decision. This segment was made up primarily of couples without children, with annual household income ranging between US\$ 50,000 and US\$ 10,000 and represented 6% of total spending in QSR/FC. They visited QSRs and fast casuals three days per week and spent US\$13 and US\$ 20, respectively.

The last segment identified was made up of the new urban family concept, estimated as 7% of the population and represented 33% of total QSR/FC spending. It segment is integrated by parents aged between 26 and 55, mostly with two children and belonging to the white or Hispanic ethnic groups. With household incomes over US\$ 100,000 they visited the restaurant about seven times per week and spent between \$ 63 at quick-service restaurants and \$ 67 in the fast casual ones.

### **The Problem at Hand**

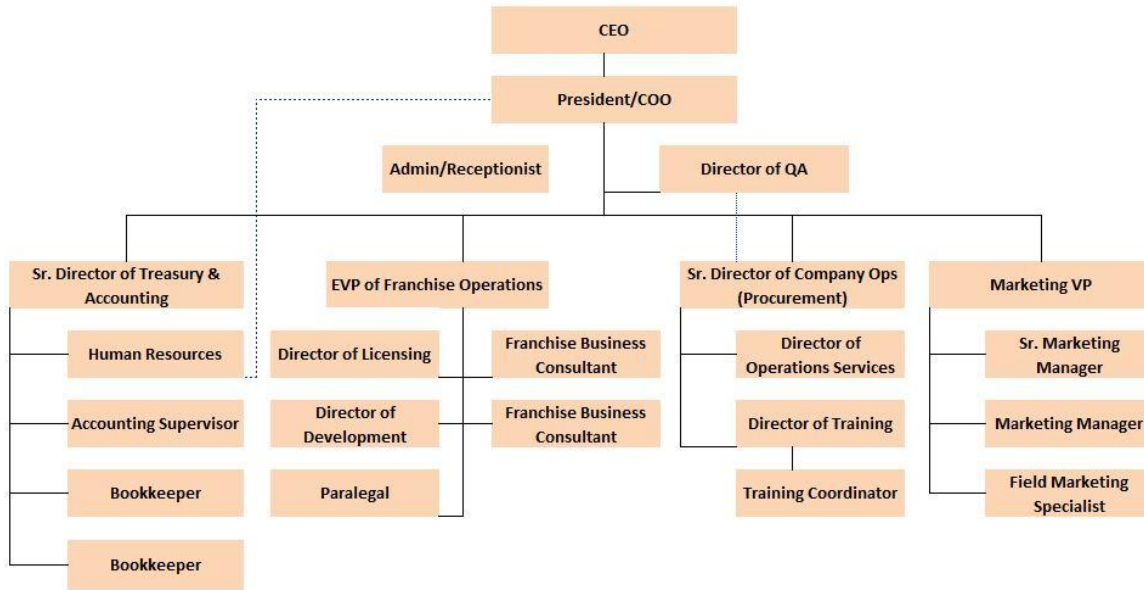
The top management of CUSA was evaluating the strategy to grow the business and their market share. As President, Denegri needed to define a strategy and a concrete plan to provide clarity to both their investors in Guatemala and US franchisees.

Franchisees had high expectations regarding the new strategy and they were hoping that it will allow them to maximize the benefits of Pollo Campero USA product and service quality so proudly highlighted by the firm when selling and awarding franchises. In addition, they were expecting recommendations to make timely decisions when selecting sites to open new restaurants.

## Exhibit 1

### Pollo Campero in the United States

#### Pollo Campero USA Corp. (CUSA) Organization Chart



Source: Pollo Campero USA Corp.

**Exhibit 2.**

**Pollo Campero in the United States**

**Pollo Campero USA Corp. (CUSA) 2008 and 2008 Balance Sheet**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	414,597.00	1,217,233.00
Accounts receivable, net of allowance for doubtful accounts of approximately US\$ 67,000 and US\$38000 as of June 30,2009 and 2008, respectively	219,967.00	330,819.00
Due from related parties and others	494,482.00	307,130.00
Prepaid expenses and other current assets	64,441.00	127,275.00
<b>TOTAL CURRENT ASSETS</b>	<b>1,193,487.00</b>	<b>1,982,457.00</b>
<b>RESTRICTED CASH</b>	<b>267,317.00</b>	<b>255,000.00</b>
<b>NOTE RECEIVABLE, franchisee</b>	<b>1,080,000.00</b>	<b>--</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>533,738.00</b>	<b>347,656.00</b>
<b>DUE FROM RELATED PARTIES, less current portion</b>	<b>608,722.00</b>	<b>1,182,205.00</b>
<b>DEPOSITS AND OTHER ASSETS</b>	<b>60,905.00</b>	<b>24,071.00</b>
<b>TOTAL ASSETS</b>	<b>3,744,169.00</b>	<b>3,791,389.00</b>
<b>LIABILITIES AND STOCKHOLDER'S DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	202,299.00	727,518.00
Accrued expenses	458,301.00	745,105.00
Deferred revenue,	768,750.00	1,220,000.00
Due to related parties - current portion	77,928.00	--
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,507,278.00</b>	<b>2,692,623.00</b>
<b>DUE TO RELATED PARTIES, less current portion</b>	<b>2,309,498.00</b>	<b>1,080,243.00</b>
<b>DEFERRED REVENUE</b>	<b>839,687.00</b>	<b>1,240,000.00</b>
<b>TOTAL LIABILITIES</b>	<b>4,656,463.00</b>	<b>5,012,866.00</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDER'S DEFICIT</b>	<b>(913,294.00)</b>	<b>(1,221,477.00)</b>
<b>TOTAL LIABILITIES AND STOXHOLDER'S DEFICIT</b>	<b>3,743,169.00</b>	<b>3,791,389.00</b>

**Source:** Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

### Exhibit 3

#### Pollo Campero in the United States

Statement of Operations		
	2009	2008
<b>REVENUES</b>		
Royalties	2,856,503.00	2,497,954.00
Store development fees	1,409,063.00	243,750.00
Franchise fees	80,000.00	70,000.00
Others	98,923.00	70,095.00
<b>TOTAL REVENUES</b>	<b>4,444,489.00</b>	<b>2,881,799.00</b>
<b>EXPENSES</b>		
General and administrative expenses	1,204,765.00	1,391,182.00
Advertising and marketing	136,139.00	499,624.00
Professional fees	784,611.00	1,553,020.00
Project development	36,959.00	321,799.00
Salaries and payroll taxes	3,412,549.00	3,505,202.00
Travel	561,183.00	723,917.00
<b>TOTAL OPERATING EXPENSES</b>	<b>6,136,206.00</b>	<b>7,994,744.00</b>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	<b>-----</b>	<b>-----</b>
<b>NET LOSS</b>	<b>(1,691,717.00)</b>	<b>(5,112,945.00)</b>

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

**Exhibit 4.**

**Pollo Campero in the United States**

**Campero Chicken Restaurants in the United States**

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at Year End
Arizona	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
California	2008	15	3	0	0	0	1	17
	2009	17	1	0	0	0	4	14
Florida	2008	0	1	0	0	0	0	1
	2009	1	2	0	0	0	0	3
Georgia	2008	0	1	0	0	0	0	1
	2009	1	2	0	0	0	0	3
Illinois	2008	1	1	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Maryland	2008	3	0	0	0	0	0	3
	2009	3	1	0	0	0	0	4
Massachusetts	2008	0	0	0	0	0	0	0
	2009	0	2	0	0	0	0	2
North Carolina	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
New Jersey	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
New York	2008	2	2	0	0	0	0	4
	2009	4	4	0	0	0	2	6
Rhode Island	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
South Carolina	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Texas	2008	5	0	0	0	0	1	4
	2009	4	3	0	0	0	0	7
Virginia	2008	2	0	0	0	0	0	2
	2009	2	1	0	0	0	0	3
Washington DC	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
<b>Total USA</b>	<b>2008</b>	<b>30</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>36</b>
	<b>2009</b>	<b>36</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>48</b>

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

## **Exhibit 5**

### **Pollo Campero in the United States**

#### **Pollo Campero Restautant**



**Source: Pollo Campero USA Corp**



## Exhibit 6

### Pollo Campero in the United States

#### Pollo Campero Menu –

#### Personal Chicken Meals

Includes Side & Tortillas or Dinner Roll

**Fried**

- 1 Breast Meal 5.29
- 2 Piece Meal 5.49
  - Leg/Thigh 5.99
  - Breast/Wing 5.99
- 3 Piece Meal 6.49
  - 2 Legs/Thigh 6.99
  - Breast/Wing/Thigh 6.99

Add Extra Side: 1.00 Sub Breast for any piece: 1.00

**Grilled**

Includes Side

- 4 1/4 Grilled Meal 5.99
  - Leg/Thigh 5.99
  - Breast/Wing 6.99
- 5 1/2 Grilled Meal 8.99

Add Extra Side: 1.00

#### Campero Combos

- 6 Sandwich Grilled or Fried
  - Side & Drink 5.49
  - Sandwich Only 3.49
- 7 Chicken Strips
  - 3 Piece Side & Drink 5.99
  - 5 Piece Side & Drink 7.99
  - Strips Only 3.99
  - Strips Only 5.99
- 8 Bowls Grilled or Fried
  - With Drink 5.99
  - Bowl Only 5.29
- 9 Chicken Burrito Grilled or Fried
  - With Drink & Chips 5.99
  - Burrito Only 4.99

#### Family Meals

Includes Tortillas or Dinner Rolls

**Fried Meals**

- 6 Piece Meal Serves 2-3
  - 1 Family Side 11.99
  - Chicken Only 9.99
- 8 Piece Meal Serves 3-4
  - 2 Family Sides 17.99
  - Chicken Only 11.99
- 12 Piece Meal Serves 5-6
  - 3 Family Sides 24.99
  - Chicken Only 16.99
- 16 Piece Meal Serves 7-8
  - 4 Family Sides 32.99
  - Chicken Only 21.99

**Whole Grilled Chicken Meal** Serves 3-4

- 2 Family Sides 18.99
- Chicken Only 12.49

Add Additional 1/2 grilled chicken for: 5.00

#### Latin Sides & Salads

- Campero Beans Slow cooked pinto beans with fresh beans, onions, garlic, dried tomatoes, cilantro, and jalapenos
- Black Beans & White Rice Specialty seasoning slow cooked in our signature recipe
- Campero Rice Latin seasoned rice with tomatoes, garlic and onion
- Yuca Fries Latin style fries
- Sweet Plantains Latin bananas served with butter & sugar
- Try our traditional sides too!
  - Mashed Potatoes & Gravy
  - Cole Slaw
  - French Fries

Regular 1.79 Serves 1  
Family 3.69 Serves 2-3

#### Salads

- Signature Campero Salad 4.99 Featuring grilled chicken and our signature Campero Latin Ranch dressing
- Campero Side Salad 2.49

#### Desserts & Drinks

**Caramel Flan** Rich baked vanilla custard topped with caramelized sugar 1.99

**Tres Leches Cake** Flavors Latin sweet vanilla cake drenched in three milks and topped with whipped cream 2.49

**Proudly Serving Coca-Cola Products**

Medium Large Bottled Water 1.69 1.99 1.59

**Latin Drinks**

Horchata Sweet, creamy vanilla milk 1.99

Tamarindo Tangy fruit drink, served hot or cold 2.49

Jamaica Hot, chilled and delicious drink

**Kids**

Fried Leg Fries & a Drink 3.79

Chicken Strips Fries & a Drink

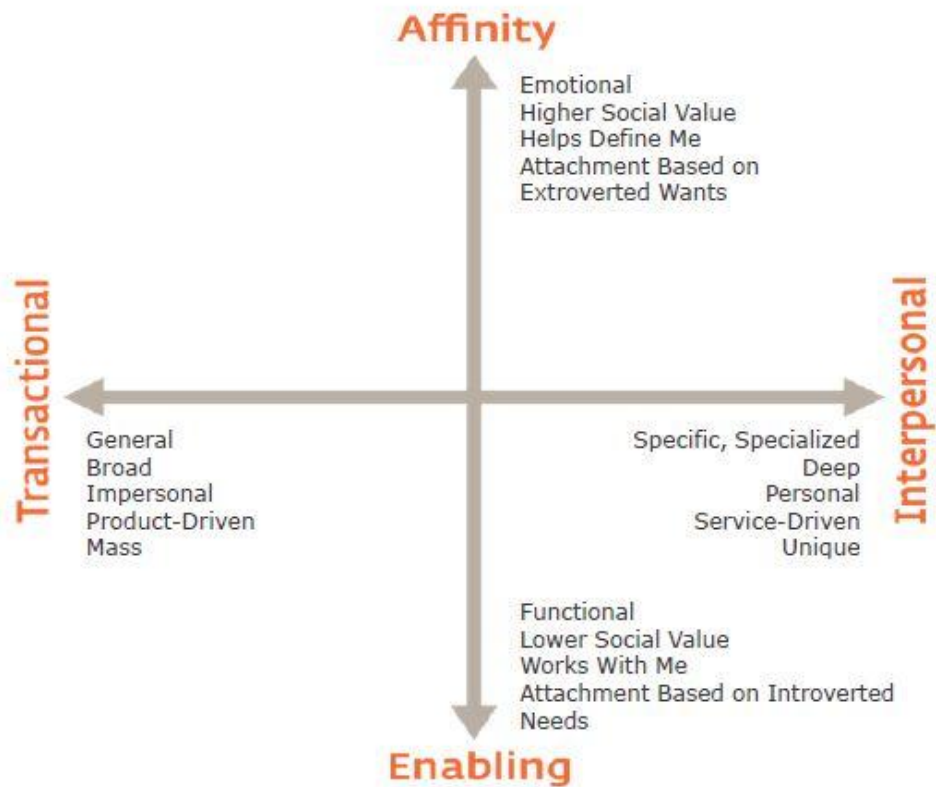
Grilled Chicken Burrito Fries & a Drink

Source: Pollo Campero USA Corp

## Exhibit 7

### Pollo Campero in the United States

#### Framework of analysis: engagement



Source: InterBrand Design Forum. "Segmentation and Brand Strategy " Pollo Campero June 18, 2010

## Exhibit 8

### Pollo Campero in the United States

#### Logo of Pollo Campero and its competitors



Source: InterBrand Design Forum. "Segmentation and Brand Strategy " Pollo Campero June 18, 2010

## Exhibit 9

### Pollo Campero in the United States

#### Pollo Campero global expansion

Franchises		Country	Stores
Affiliates	Pollo Campero, S.A (“PC”),	Guatemala	139
	Pollo Campero de El Salvador, S.A. de C.V. (“PCES”)	El Salvador	89
	Pollo Campero, S.A (“PC”),	Honduras	15
	Varesse, S.A. de C.V. (“VAR”)	Mexico	3
	Inversiones 12,995, S.A.	Costa Rica	19
	Campero International, Corp. (“CIC”),	Nicaragua	5
	Campero USA Corp. (CUSA)	United States	50
	Pollo Campero Iberia, (“PC Iberia”)	Spain	8
	Pollo Campero Iberia, (“PC Iberia”)	Andorra	1
	Pollo Campero Iberia, (“PC Iberia”)	Indonesia	3
	Pollo Campero Iberia, (“PC Iberia”)	Bahrain	2
	Pollo Campero Iberia, (“PC Iberia”)	Ecuador	5
	Pollo Campero Iberia, (“PC Iberia”)	India	2
	Pollo Campero Iberia, (“PC Iberia”)	United Kingdom	1
	Pollo Campero of Canada, Inc.	Canada	0

Source: Campero USA Corp. “Franchise Disclosure Document”(Dallas: Campero USA Corp, 2011), p 365.

## Exhibit 10

### Pollo Campero in the United States Free-Standing Stores Estimate Initial Investment

Type of expenditure	Amount	Method of payment	Due	Pay to
Initial franchise fee	\$40,000	Lump sum or per payment schedule for qualified incentive programs	Generally paid at time of execution of the Store Development Agreement ("SDA")	Campero USA Corp.
Real property: building/build out costs	\$373,147 to \$623,500	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and / or contractor)
Real property: site development costs, free-standing	\$50,000 to \$197,500	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and / or contractor)
Additional development costs	\$37000 to \$173,000	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and / or contractor)
Restaurant equipment, fixtures	\$167,000 to \$275,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Signs	\$17,000 to \$60,000	Lump sum or financed	As incurred, before opening	Approved suppliers
POS	\$22,000 to \$45,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Play area equipment	\$19,140 to \$35,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Opening inventory	\$15,000 to \$30,000	Lump sum	Before opening	Approved suppliers
Miscellaneous opening costs	\$6,750 to \$27,000	Lump sum	As incurred	Suppliers, utilities, employees, etc.
Uniforms	\$1,500 to \$2,500	Lump sum	Before opening	Approved suppliers
Insurance	\$20,000 to \$50,000	Lump sum	Before opening	Insurance company/agent
Travel and living expenses while training	\$2,000 to \$15,000	Lump sum	As incurred, during training	Airlines, rental car agencies, restaurants, hotels, etc.
Marketing start-up expenditure	\$20,000	Lump sum	As per contract, before opening	Third parties, approved suppliers
Additional funds for the first six months of operation	\$36,000 to \$ 50,000	Lump sum	Monthly and as incurred	Third parties and employees
<b>TOTALS</b>	<b>\$826,537 to \$1,652,500</b>	<b>Does not include real estate costs</b>		

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

**Cont. Exhibit 10**

**Pollo Campero in the United States**

**In-Line Stores Estimate Initial Investment**

Type of expenditure	Amount	Method of payment	Due	Pay to
Initial fee franchise fee	\$40,000	Lump sum or per payment schedule for qualified incentive programs	Generally paid at time of execution of the Store Development Agreement ("SDA")	Campero USA Corp.
Real property: building/build out costs	\$210,000 to \$697,000	Lump sum or financed	As incurred, before opening	Us or third parties (your landlord and / or contractor)
Real property: site development costs, free-standing	\$0 to \$27,500	Lump sum or financed	As incurred, before opening	Us or third parties (your landlord and / or contractor)
Additional development costs	\$6,000 to \$80,000	Lump sum or financed	As incurred, before opening	Us or third parties (your landlord and / or contractor)
Restaurant equipment, fixtures	\$167,000 to \$275,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Signs	\$6,000 to \$50,000	Lump sum or financed	As incurred, before opening	Approved suppliers
POS	\$20,000 to \$45,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Play area equipment	\$15,000 to \$30,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Opening inventory	\$15,000 to \$30,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Miscellaneous opening costs	\$6,750 to \$27,000	Lump sum	Lump sum as incurred	Suppliers, utilities, employees, etc.
Uniforms	\$1,200 to \$2,000	Lump sum	Before opening	Approved suppliers
Insurance	\$18,000 to \$45,000	Lump sum	Before opening	Insurance company / agent
Travel and living expenses while training	\$2,000 to \$15,000	Lump sum	As incurred, during training	Airlines, rental car agencies, restaurants, hotels, etc.
Marketing start-up expenditure	\$20,000	Lump sum	As per contract, before opening	Third parties, approved suppliers
Additional funds for the first six months of operation	\$35,000 to \$50,000	Lump sum	Monthly and as incurred	Third parties and employees
<b>TOTALS</b>	<b>\$651,950 to \$1,433,500</b>	<b>(Does not include real estate costs)</b>		

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

## Cont. Exhibit 10

### Pollo Campero in the Unites States

#### Express Unit

Type of expenditure	Amount	Method of payment	Due	Pay to
Initial fee franchise fee	\$40,000	Lump sum or per payment schedule for qualified incentive programs	Generally paid at time of execution of the Store Development Agreement ("SDA")	Campero USA Corp.
Real property: building/build out costs	\$48,000 to \$205,000	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and / or contractor)
Real property: site development costs, free-standing	N/A	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and / or contractor)
Additional development costs	\$10,000 to \$40,000	Lump sum or financed	As incurred, before opening	Us or third parties (franchisee landlord and/or contractor)
Restaurant equipment, fixtures	\$130,000 to \$180,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Signs	\$6,000 to \$40,000	Lump sum or financed	As incurred, before opening	Approved suppliers
POS	\$16,071 to \$32,000	Lump sum or financed	As incurred, before opening	Approved suppliers
Play area equipment	N/A	Lump sum or financed	As incurred, before opening	Approved suppliers
Opening inventory	\$5,000 to \$15,000	Lump sum	Before opening	Approved suppliers
Miscellaneous opening costs	\$6,750 to \$27,000	Lump sum	As incurred	Suppliers, utilities, employees, etc.
Uniforms	\$600 to \$1,500	Lump sum	Before opening	Approved suppliers
Insurance	\$8,000 to \$14,000	Lump sum	Before opening	Insurance company / agent
Travel and living expenses while training	\$2,000 to \$15,000	Lump sum	As incurred, during training	Airlines, rental car agencies, restaurants, hotels, etc.
Marketing start-up expenditure	\$10,000 to \$20,000	Lump sum	As per contract, before opening	Third parties, approved suppliers
Additional funds for the first six months of operation	\$30,000 to \$50,000	Lump sum	Monthly and as incurred	Third parties and employees
<b>TOTALS</b>	<b>\$31242 1 to \$679,500</b>	<b>Does not include real estate costs</b>		

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

# Exhibit 11

## Pollo Campero in the United States

### Average Gross Sales per Restaurant

Region	Eastern*	Western**
Type of Unit	Average Gross Sales	Average Gross Sales
Free-Standing	1,743,155	978,731.00
In-Line	1,154,894	1,374,825.00
Express	N/A	553,547.00
	*States: AK, AL, CT, DC, DE, FL, GA, HI, IL, IN, KY, MA,MD, ME, MI, MS, NC, NH, NJ, NY, OH, PA,RI, SC, TN, VA, VT, WV, WI	**States: AR, AZ, CA, CO, IA, ID, KS, LA,MD, ME, MI, MS, NC, NH, NJ, NY, OH, PA MN, MO, MT, ND, NE, NM, NV,RI, SC, TN, VA, VT, WV, WI OK, OR, PR, SD, TX, UT, WA, WY

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.



## Exhibit 12

### Pollo Campero in the United States

#### Operation Costs per Region and Restaurant Type

Region	Eastern			Western		
	At / Below		Avg. Food and Paper Cost (%)	At / Below		Avg. Food and Paper Cost (%)
Type of Unit	Number	Percentage		Number	Percentage	
Free Standing	4			3		
In-Line	2	40	32.0%	5	47.1	33.1
Express	0			0		

Region	Eastern			Western		
	At / Below		Avg. Labor Cost (%)	At / Below		Avg. Labor Cost (%)
Type of Unit	Number	Percentage		Number	Percentage	
Free Standing	4			2		
In-Line	1	33.3	22.8%	5	41.2	27.6
Express	0			0		

Source: Campero USA Corp. "Franchise Disclosure Document"(Dallas: Campero USA Corp, 2011), p 365.

\*During the reporting period, there were 10 free-standing units and 5 in-line units in the Eastern Region and 9 free-standing units; 7 in-line units; and 1 express unit in the Western Region. Food/Paper (referred to below for convenience as "food") means food, beverages and items served or associated with the food or beverage, such as cups, napkins, straws, bags, plastic utensils and wrapping paper. Labor means salaries, payroll, and similar related expenses. % At/Below Average means the percentage of stores included in the data whose applicable costs are at or below the stated average. The above food and labor costs are stated as a percentage of gross sales (excluding sales tax and discounts.)

### **Exhibit 13**

#### **Pollo Campero in the United States**

#### **Restaurant Industry Sales Growth**

<b>Year</b>	<b>US\$ Current Growth</b>	<b>Real Growth</b>
<b>2000</b>	5.50%	3.00%
<b>2001</b>	4.60%	0.80%
<b>2002</b>	5.30%	1.20%
<b>2003</b>	4.50%	2.10%
<b>2004</b>	6.20%	3.00%
<b>2005</b>	5.30%	2.20%
<b>2006</b>	4.70%	1.60%
<b>2007</b>	4.80%	1.00%
<b>2008</b>	3.20%	-1.20%
<b>2009</b>	-0.70%	-2.90%
<b>2010*</b>	2.50%	-0.10%

Source: Richard K. Miller and Associates. "The 2011 Restaurant , Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

## Exhibit 14

### Pollo Campero in the United States

#### Food Service Industry Structure and Income Distribution

CATEGORY	US\$ Billions	%	Growth 2009-2010
<b>RESTAURANT AND FOOD SERVICES INDUSTRY</b>	<b>580.00</b>	<b>100</b>	<b>2.5</b>
<b>COMERCIAL</b>	530.31	91.4	-----
EATING AND DRINKING PLACES			
• Full-service restaurants:	184.17	31.8	1.2
• Limited-service (fast-food) restaurants:	164.83	28.4	3
• Snack and non-alcoholic beverage bars:	24.73	4.3	2.4
• Bars and taverns:	18.84	3.2	2
• Social caterers:	7.09	1.2	4.5
• Cafeterias, grill-buffets, and buffets:	7.67	1.3	2.2
• <b>Total:</b>	<b>407.35</b>	<b>70.2</b>	<b>2.1</b>
FOODSERVICE CONTRACTOR-MANAGED SERVICES			
• Colleges and universities:	13.64	2.4	5.7
• Manufacturing and industrial plants:	6.65	1.1	-0.5
• Primary and secondary schools:	5.86	1.0	5.4
• Recreation and sports centers:	5.02	0.9	4
• Hospitals and nursing homes:	5.05	0.9	6.7
• Commercial and office buildings:	2.56	0.4	1.8
• In-transit foodservice (airlines):	2.06	0.4	0.7
• <b>Total:</b>	<b>40.84</b>	<b>7.0</b>	<b>4</b>
RETAIL AND LODGING			
• Retail-host restaurants:	30.93	5.3	4.9
• Hotel restaurants:	26.53	4.6	4.6
• Recreation and sports (includes movies, bowling lanes, recreation, and sport centers):	12.52	2.2	2.5
• Vending and non-store retailers (includes sales of hot food, sandwiches, pastries, coffee, and other hot beverages):	11.1	1.9	1.2
• Mobile caterers:	0.635	0.1	-1.7
• Other accommodation restaurants:	0.407	0.1	3.2
• <b>Total:</b>	<b>82.12</b>	<b>14.2</b>	<b>2.5</b>

Source: Richard K. Miller and Associates. "The 2011 Restaurant , Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

**Cont. Exhibit 14**

**Pollo Campero in the United States**

**Food Service Industry Structure and Income Distribution**

<b>CATEGORY</b>	<b>US\$ Billions</b>	<b>%</b>	<b>Growth 2009-2010</b>
<b>RESTAURANT AND FOOD SERVICES INDUSTRY</b>	<b>580.00</b>	<b>100</b>	<b>2.5</b>
<b>NONCOMMERCIAL</b>	<b>49.68</b>	<b>8.6</b>	<b>-----</b>
<i>NONCOMMERCIAL RESTAURANT SERVICES</i>			
(Businesses, educational, government, or institutional organizations which operate their own restaurant services)			
• Hospitals (includes voluntary, proprietary hospitals, long-term general, TB, nervous and mental hospitals, state and local short-term hospitals, and federal hospitals):	15.22	2.6	4.7
• Clubs, sporting, and recreational camps:	8.55	1.5	0.9
• Nursing homes (includes homes for the aged, blind, orphaned, and the mentally and physically disabled)	7.14	1.2	2.6
• Public and parochial elementary, secondary schools:	6.14	1.1	2.2
• Colleges and universities:	6.08	1.0	-1.4
• Community centers:	2.14	0.4	4.8
• Transportation:	1.83	0.3	4.3
• Employee restaurant services:	0.426	0.1	2.1
• <b>Total:</b>	<b>47.52</b>	<b>8.2</b>	<b>2.5</b>
<b>MILITARY RESTAURANT SERVICES</b>			
• Officer and NCO clubs (open mess):	1.48	0.3	3.7
• Military exchanges:	0.679	0.1	3.1
• <b>Total:</b>	<b>2.16</b>	<b>0.4</b>	<b>3.5</b>

Source: Richard K. Miller and Associates. "The 2011 Restaurant , Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

## Exhibit 15

### Pollo Campero in the United States

#### 2009 Cost Structure for Full-Service and Limited-Service Restaurants

Categories	Restaurants	
	Full Service	Limited-service
Cost of food and beverages sold:	32	33
Salaries and wages:	30	30
Restaurant occupancy costs:	7	6
General and administrative expenses:	3	8
Pretax income	4	3
Other (including direct operating expenses, marketing, utilities, maintenance, depreciation, administrative, interest, and corporate overhead)	20	20

Source: Richard K. Miller and Associates. "The 2011 Restaurant, Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

## Exhibit 16

### Pollo Campero in the United States

#### Major Limited-Service Restaurant Chains Specializing in Chicken

Chains	Total Sales US\$ M	Annual Sales per Unit US\$ 000s	Units		
			Under License or Franchise	Company-Owned	Total
KFC	4900.0	960.00	4307	855	5162
Chick-fil-A	3217.0	2,095.00	205	1275	1480
Popeyes	1597.0	1,057.50	1539	37	1576
Church's Chicken	835.0	680.00	975	287	1262
Zaxby's	718.0	1,581.00	406	86	492
Bojangles'	659.5	1,556.40	296	163	459
El Pollo Loco	582.0	1,600.00	243	172	415
Boston Market	545.0	1,020.00	0	520	520
Wingstop	306.6	744.00	425	23	448
Wing Zone	56.0	580.00	96	4	100

Source: QSR magazine, <http://www.qsrmagazine.com/reports/chicken>

## Exhibit 17

### Pollo Campero in the US

#### Pollo Tropical Menu

### TROPICHOPS®

Delicious entrées served atop a bed of rice.

<p>CHICKEN, WHITE RICE &amp; BEANS</p> <p>REG \$3.99 LRG \$4.69</p>	<p>CHICKEN, YELLOW RICE w/VEG</p> <p>REG \$3.99 LRG \$4.69</p>	<p>PORK, WHITE RICE &amp; BEANS</p> <p>REG \$3.99 LRG \$4.69</p>
<p>PORK, YELLOW RICE w/VEG</p> <p>REG \$3.99 LRG \$4.69</p>	<p>VEGETARIAN</p> <p>REG \$3.99 LRG \$4.69</p>	<p>MAKE IT A COMBO</p> <p>ADD A REGULAR FOUNTAIN DRINK AND TROPICAL FAVORITE</p> <p>\$2.20</p>

\*The large includes Caesar Salad.

### PLATTERS

Add a Regular Fountain Drink for \$1.49

<p>1/4 CHICKEN</p> <p>with Rice &amp; Beans \$3.99 with 2 Sides \$4.99</p>	<p>1/2 CHICKEN</p> <p>with Rice &amp; Beans \$5.99 with 2 Sides \$6.99</p>	<p>BONELESS CHICKEN BREASTS</p> <p>with Rice &amp; Beans \$5.99 with 2 Sides \$6.99</p>	<p>CHICKEN &amp; RIBS</p> <p>with Rice &amp; Beans \$7.99 with 2 Sides \$8.99</p>
<p>ROAST PORK TROPICAL</p> <p>with Rice &amp; Beans \$5.99 with 2 Sides \$6.99</p>	<p>CARIBBEAN RIBS</p> <p>with Rice &amp; Beans \$7.99 with 2 Sides \$8.99</p>	<p>8 PIECE GRILLED TROPICAL WINGS</p> <p>with Rice &amp; Beans \$5.99 with 2 Sides \$6.99</p>	<p>TRIOS</p> <p>with 2 Sides \$7.99</p> <ul style="list-style-type: none"> <li>• 1/4 Chicken, Pork &amp; Wings</li> <li>• 1/4 Chicken, Ribs &amp; Wings</li> <li>• 1/4 Chicken, Ribs &amp; Pork</li> </ul>

White Meat Only add \$0.85

### FAJITAS

CHICKEN FAJITAS with Rice & Beans \$5.99

### SIDE DISHES

Many recipes flavored with sea salt

	REGULAR	LARGE
Rice & Beans	\$1.99	\$3.29
Black Beans	\$1.99	\$2.49
White Rice	\$1.99	\$1.99
Yellow Rice w/ Vegetables	\$1.99	\$2.99
Caesar Salad	\$1.99	\$3.19
Balsamic Tomatoes	\$1.99	\$3.19
Kernel Corn	\$1.99	\$2.99
Curly Fries	\$1.49	\$2.49
Coleslaw	\$1.49	\$2.99
Yuca w/ Garlic Sauce	\$1.99	\$3.19

### TROPICAL STARTERS

<p>Caribbean Chicken Soup</p> <p>SML \$1.99 LRG \$3.19</p>	<p>5 Piece Grilled Tropical Wings</p> <p>\$3.99</p>
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### SALADS

<p>Chicken Quesadilla Salad</p> <p>\$6.99</p>	<p>Chicken Caesar Salad</p> <p>\$6.99</p>
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### WRAPS & SANDWICHES

<p>WRAPS</p> <ul style="list-style-type: none"> <li>• Chicken</li> <li>• Quesadilla</li> <li>• Chicken Caesar</li> </ul>	<p>SANDWICHES</p> <ul style="list-style-type: none"> <li>• Chipotle Chicken</li> <li>• Classic Chicken</li> <li>• Guava Pork BBQ</li> </ul>
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Combo includes your choice of Sandwich or Wrap and regular fountain drink with regular Caesar Salad, Soup, Curly Fries or Tropical Favorite.

### FAMILY MEALS

<p>WHOLE CHICKEN</p> <p>with Rice &amp; Beans \$12.99 with 2 Sides \$14.99</p>	<p>WHOLE CHICKEN &amp; PORK</p> <p>with Rice &amp; Beans \$16.99 with 2 Sides \$18.99</p>
<p>WHOLE CHICKEN &amp; RIBS</p> <p>with Rice &amp; Beans \$17.99 with 2 Sides \$19.99</p>	<p>WHOLE CHICKEN FAMILY PLATTER</p> <p>with Rice &amp; Beans, Caesar Salad and Tropical Favorite Serves 3-4 \$17.99</p>
<p>BIG FAMILY MEAL</p> <p>1 1/2 CHICKENS Serves 5-6 \$19.99</p>	<p>KIDS MEAL</p> <ul style="list-style-type: none"> <li>• Drumstick &amp; Thigh</li> <li>• Grilled Breast Strips</li> </ul> <p>\$3.79</p> <p>Includes your choice of one side.</p>

### TROPICAL FAVORITES

Sweet Plantains Fried Yuca REG \$2.30 LRG \$3.30

### DESSERTS

<p>FLAN</p> <p>\$1.79</p>	<p>GUAVA CHEESECAKE</p> <p>\$2.49</p>
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### DRINKS

<p>FRUIT SMOOTHIES</p> <p>REG \$1.49 LRG \$1.69</p> <p>Bottled Water \$1.49</p> <p>Arizona® \$2.99</p> <p>Apple Juice \$1.49</p> <p>Materva®/Jupia® \$1.49</p>	<p>TROPIC CHILLERS®</p> <p>MANGO, STRAWBERRY, PINA COLADA</p> <p>Green Smoothies \$2.99</p> <p>Fruit Drink \$2.99</p>
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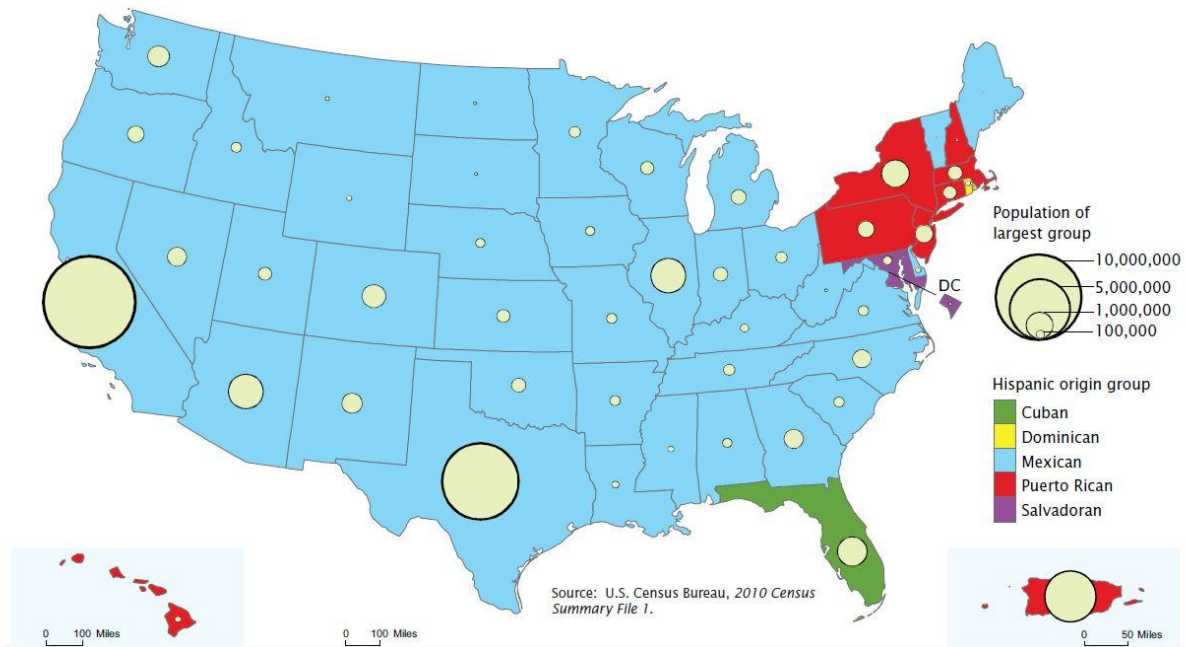
Source: Pollo Tropical Menu

[http://www.insidefortlauderdale.com/?main\\_page=menu&vid=3895](http://www.insidefortlauderdale.com/?main_page=menu&vid=3895)

## Exhibit 18

### Pollo Campero in the US

#### Distribution of Hispanic Population in the U.S.



**Source:** United States Census Bureau "The Hispanic Population 2010"

<http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf>

## Exhibit 19

### Pollo Campero in the US

#### 2010 Estimations for Hispanics Living in the U.S. per State and Region

AREA	2010*			AREA	2010*			AREA	2010*		
	Total population	Hispanic population			Total population	Hispanic population			Total population	Hispanic population	
		Number	% of total population			Number	% of total population			Number	% of total population
REGION				STATES				STATES			
United States	308,745,538	50,477,594	16.3	Kentucky.	4,339,367	132,836	3.1	South Carolina.	4,625,364	235,682	5.1
Northeast.	55,317,240	6,991,969	12.6	Louisiana.	4,533,372	192,560	4.2	South Dakota.	814,180	22,119	2.7
Midwest.	66,927,001	4,661,678	7	Maine.	1,328,361	16,935	1.3	Tennessee.	6,346,105	290,059	4.6
South.	114,555,744	18,227,508	15.9	Maryland.	5,773,552	470,632	8.2	Texas.	25,145,561	9,460,921	37.6
West	71,945,553	20,596,439	28.6	Massachusetts.	6,547,629	627,654	9.6	Utah.	2,763,885	358,340	13
STATE				Michigan	9,883,640	436,358	4.4	Vermont.	625,741	9,208	1.5
Alabama	4,779,736	185,602	3.9	Minnesota.	5,303,925	250,258	4.7	Virginia.	8,001,024	631,825	7.9
Alaska.	710,231	39,249	5.5	Mississippi.	2,967,297	81,481	2.7	Washington.	6,724,540	755,790	11.2
Arizona	6,392,017	1,895,149	29.6	Missouri.	5,988,927	212,470	3.5	West Virginia.	1,852,994	22,268	1.2
Arkansas.	2,915,918	186,050	6.4	Montana.	989,415	28,565	2.9	Wisconsin.	5,686,986	336,056	5.9
California.	37,253,956	14,013,719	37.6	Nebraska.	1,826,341	167,405	9.2	Wyoming.	563,626	50,231	8.9
Colorado.	5,029,196	1,038,687	20.7	Nevada	2,700,551	716,501	26.5	CITIES			
Connecticut.	3,574,097	479,087	13.4	New Hampshire	1,316,470	36,704	2.8	New York, NY.	8,175,133	2,336,076	28.6
Delaware.	897,934	73,221	8.2	New Jersey.	8,791,894	1,555,144	17.7	Los Angeles, CA.	3,792,621	1,838,822	48.5
District of Columbia	601,723	54,749	9.1	New Mexico.	2,059,179	953,403	46.3	Houston, TX.	2,099,451	919,668	43.8
Florida.	18,801,310	4,223,806	22.5	New York.	19,378,102	3,416,922	17.6	San Antonio, TX.	1,327,407	838,952	63.2
Georgia.	9,687,653	853,689	8.8	North Carolina.	9,535,483	800,120	8.4	Chicago, IL	2,695,598	778,862	28.9
Hawaii.	1,360,301	120,842	8.9	North Dakota.	672,591	13,467	2	Phoenix, AZ.	1,445,632	589,877	40.8
Idaho.	1,567,582	175,901	11.2	Ohio.	11,536,504	354,674	3.1	El Paso, TX.	649,121	523,721	80.7
Illinois.	12,830,632	2,027,578	15.8	Oklahoma	3,751,351	332,007	8.9	Dallas, TX	1,197,816	507,309	42.4
Indiana.	6,483,802	389,707	6	Oregon.	3,831,074	450,062	11.7	San Diego, CA.	1,307,402	376,020	28.8
Iowa.	3,046,355	151,544	5	Pennsylvania.	12,702,379	719,660	5.7	San Jose, CA.	945,942	313,636	33.2

**Source:** Unite States Census Bureau “The Hispanic Population 2010” <http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf>



**Exhibit 20**  
**Pollo Campero in the United States**

**Demographic assessment of consumer spending for breakfast, lunch and dinner at limited-service restaurant.**

Categories		BREAKFAST			LUNCH			DINNER		
		Index	Market share	US\$ Per HH	Index	Market share	US\$ Per HH	Index	Market share	US\$ Per HH
Age of Householder	Under 25	71	5%	77	99	7%	367	107	7%	363
	25 - 34:	132	22%	143	129	22%	477	133	22%	449
	35 - 44:	128	26%	138	131	26%	484	131	26%	443
	45 - 54:	126	26%	136	114	24%	422	116	24%	392
	55 - 64:	77	12%	84	81	13%	301	77	12%	258
	65 - 74:	62	6%	67	60	6%	222	55	5%	185
	75 and older:	28	3%	30	28	3%	103	23	2%	76
Household Income	Under \$20,000	44	10%	48	46	10%	169	46	10%	155
	\$20,000 - \$39,999:	81	19%	88	80	19%	297	77	18%	259
	\$40,000 - \$49,999	92	9%	99	83	8%	308	109	10%	337
	\$50,000 - \$69,999	127	19%	137	113	17%	417	114	17%	386
	\$70,000 - \$79,999	113	7%	122	119	7%	442	118	7%	397
	\$80,000 - \$99,999	148	13%	161	135	12%	500	153	12%	482
	\$100,000 and above	143	23%	155	165	26%	612	156	25%	526
Type of Household	Married couples w/o children	93	20%	100	93	20%	346	89	19%	302
	Married couples, oldest child under 6	121	6%	131	152	7%	561	149	7%	504
	Married couples, oldest child 6 - 17	137	18%	148	154	20%	569	167	21%	563
	Married couples, oldest child 18 or older	153	11%	165	135	10%	501	144	10%	487
	Single parent with child under 18	91	6%	99	85	5%	314	117	7%	394
	Single person	62	18%	67	58	17%	213	46	14%	155
Race and Ethnicity	Asian:	110	4%	119	128	4%	475	119	4%	403
	Black:	92	11%	110	90	11%	332	102	12%	343
	Hispanic:	137	16%	149	122	14%	453	107	12%	362
	Non-Hispanic white and other:	95	73%	103	98	75%	364	99	76%	333
Region	Northeast:	132	25%	143	95	18%	350	90	17%	304
	Midwest:	72	16%	78	85	21%	316	98	22%	332
	South:	97	35%	105	104	38%	385	98	35%	331
	West:	106	24%	115	114	23%	421	114	25%	386

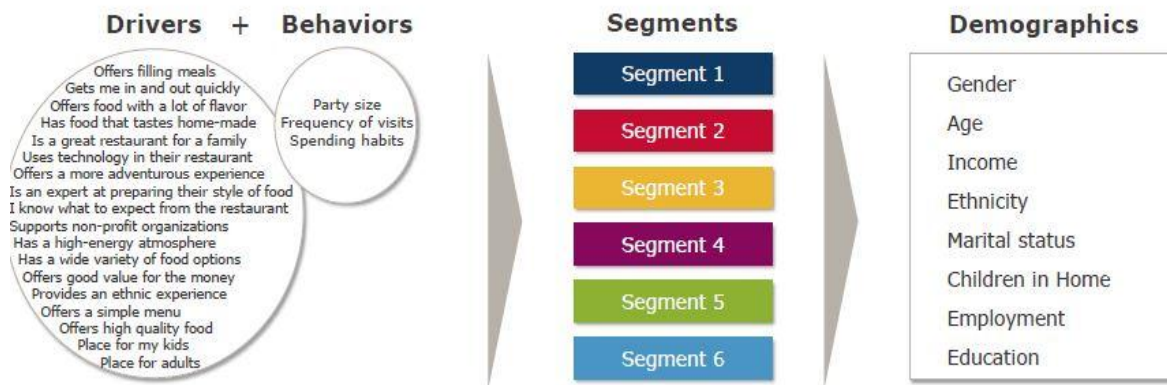
Source: Richard K. Miller and Associates. "The 2011 Restaurant , Food and Beverage Market Research Handbook" (Richard K. Miller and Associates, 2011) p 416.

Note: The index is the spending ratio by segment in relation to the overall population. For example, an index of 100 indicates per household spending by a segment equal to that of the average household. An index of 150 indicates spending by a segment 50% higher than the average household. The market share is the percentage of total spending by each segment.

## Exhibit 21

### Pollo Campero in the United States

#### US Mainstream Costumers: Drivers and Behaviors



Source: InterBrand Design Forum. “Segmentation and Brand Strategy “ Pollo Campero June 18, 2010