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COVID's Takeout Trend Helps Propel Romeo's Franchise Expansion

Romeo's to bring Hundreds of its Stores to New Areas in the Next Five Years



Medina-based Romeo's Pizza has big expansion plans to bring hundreds of its stores to new areas in the next five years. The Brunswick store is seen here.

MEDINA, Ohio – (November 16, 2020)

Election night was the latest round of proof that pizza is the ultimate comfort food for many of us. Media outlets from Los Angeles to Detroit reported Americans ordered pizza to self-soothe more so than any other food as they anxiously awaited results. For the local [Romeo's Pizza](#) chain, election night sales "were the highest in company history for a Tuesday," said chief brand officer David McCafferty.

"We also run a BOGO deal on Tuesdays. So, we have had some big nights before, but this was the highest," he said.

Romeo's, in fact, has been having a lot of big nights lately. While the restaurant industry overall continues to reel from COVID-related losses, the Medina-based pizza maker is thriving.

Systemwide sales for Romeo's were up 23.1% in the first six months of 2020, compared with the first half of 2019, and the company opened six new locations during the pandemic, bringing its store count to 45. CEO Ryan Rose said three more locations are under construction and due to open in the next 60 to 90 days.

In addition, Romeo's recently closed area development agreements that will debut the brand in Colorado, Texas and Nigeria. It currently has locations in Ohio, North and South Carolina, Indiana, Florida and Saudi Arabia.

Much of Romeo's recent growth, Rose said, can be attributed to the pandemic. Demand for pizza delivery and takeout is surging as people eat more meals at home. Through June, Romeo's same-store sales jumped 18.4% over that period last year.

Those gains fall in line with the industry's heaviest hitters. Same-store sales at Domino's Pizza, which has 17,000 locations worldwide, were up 16% during the second quarter compared to Q2 2019. Papa John's Pizza (5,300 locations) saw a 28% same-store sales bump in the second quarter, while Pizza Hut (17,800 locations) generated a 16% same-store sales growth for Q2.

Unlike the latter two competitors and the pizza industry overall, however, Romeo's went into 2020 as a growing company. In 2018, systemwide sales increased nearly 5.7% over 2017 for a company record of \$23 million, according to McCafferty. Romeo's doubled the 2018 sales growth in 2019, ending the year with \$25 million in sales, a 12.3% increase.

"In 2019, we hit over one billion orders for the very first time," said Rose, who purchased his first Romeo's franchise in 2013 with partner Michael Rao, and bought the business outright in 2016.

"In January and February, we were growing at a pace similar to 2019, which was very good, but then when March 16 hit, it really accelerated. We had one week where we were up over 52% year over year."

Even before the pandemic, Rose and his team had set a course for expansion, buoyed primarily by shifting market dynamics. Restaurants, Rose explained, were gaining ground on grocery stores as the main source of meals for Americans toward the later part of the 2010s.

And, he added, Romeo's strong digital ordering and delivery backbone made it a major contender among investors interested in entering the pizza delivery space.

"The reason a Papa John's or a Domino's can't add a ton of new locations is because they already have a ton of locations," he said. "With an emerging brand like Romeo's, we have markets that are available for development."

The company also benefits from an area development model that focuses on selling geographical territories to investors rather than single franchise units. Rose said area developers typically agree to establish a minimum of 20 stores, either by opening locations themselves or by franchising to others.

"They still have some of the franchisor's responsibility to manage their market if they decide to sell to a franchisee and build out their market faster, and for that they get to participate in royalty collection," he said.

The area development strategy has helped to expedite expansion, according to Rose, "and really position us for exponential growth."

Romeo's will have 60 franchise locations by the end of 2021, if all goes as planned, with a goal of 250 total stores over the next five years.

Rao, who is chief strategy officer at the chain, said the area development approach also has helped Romeo's better align with management teams that can adhere to the company's strict product standards.

"When we execute our product at the highest level, it's better than the competition, so we just need to make sure the partners that we are selecting are the ones who will deliver the product at that level," he said.

Given those tailwinds, Rose said Romeo's is uniquely positioned to take advantage of the added COVID pizza push.

"It takes 90 days to permanently change a lifestyle," he said. "So, we have now gone through two cycles that could impact consumer behavior for the foreseeable future."

For more information about Romeo's Pizza, visit <https://www.romeospizza.com/>.

About Romeo's Pizza

Founded in 2001 in Medina, Ohio, Romeo's Pizza is an award-winning, food-first, pizza community. With 44 open locations and counting, the growing international franchise delivers handcrafted excellence through our local pizza champions.

Romeo's Pizza delivers purpose-driven, handcrafted excellence through our team of local pizza champions. We believe pizza is always the answer. We deliver sweet smiles, one slice at a time. We will positively impact our communities and environment through our Pizza with a Purpose initiative. This initiative supports local, national and worldwide organizations that believe in making a positive impact on people and our planet.

Learn more about Romeo's Pizza at <https://www.romeospizza.com/>.

To learn more about Romeo's Pizza franchising opportunities, visit <https://romeospizzafranchise.com/>.