



NEWSLETTER

Volume 4 - June 2020

During these trying times Carl's Jr. Cares!

In response to COVID-19, Carl's Jr. franchisees showed their appreciation to front-line workers by donating meals. Our franchise family is always happy to give back to those who give to the community every day and to those in need.



OC Burger Boys saying #ThankYou and #FightOn to Manhattan Beach Fire Dept.



JCK providing food for the hospitals in the area.



Hundal Co. donating food to 2 local women and children's shelters.



Murphy's Star in collaboration with CKE providing food for the staff at a Veterans Hospital.

A Letter From CKE

Dear Carl's Jr. Franchisees,

It has been an amazing year with CKE. I have had the opportunity to meet many of you but for those I have not met, I thought sharing some of my background would give you some insight to my passion for technology. I started my career with The Disney company where I spent several years creating the Magic with Guest technology where I had the opportunity to open two key business ventures, Disneyland Hong Kong and the Disney Cruise Line that delivered unique Guest experiences. When I had the opportunity to come work at CKE, I knew my background was a good match for the technology transformation that CKE was getting ready to undertake. In the short time I have worked with the Carl's Jr. Franchisee's, I have found a rich culture with great people willing to share their experiences and open to new ideas that will grow the business.

My first meeting at Carl's Jr. was in California where I had the opportunity to meet the Franchisee Board. It was great to hear each of their backgrounds and the long history that many have with this incredible brand. I have had the opportunity to spend time in Amir's and Jay's restaurants where I was able to learn more about the business and where technology can make a difference. We also have Carl's Jr. represented by Jay who is an advisor on our Technology Committee where his contributions have been invaluable to me as we were creating the technology roadmap.

I have found my favorite menu items at Carl's Jr. is the Spicy Western Cheeseburger with a side of Fried Zucchini and Onion Rings☐

We are on a Digital transformation path for our company that will unlock so many opportunities near term and in the future. In a few weeks we will be launching a proof of concept for our new Responsive Marketing Website and Online Ordering capability. This solution will support our Enterprise for both Integrated and Non-Integrated systems. Once the test is completed, we will be reaching out to communicate the plan to onboard the Franchisee system. I know these new capabilities come with investments but the value we will realize in growing our business will be the reward. I appreciate all of your support and look forward to the continued growth of the Carl's Jr. brand.

Darla Morse
CIO – CKE Restaurants Holdings, Inc.



Refreshing Insights: Ready to Start-Up Your Dining Room?



We've created restart guidelines to startup your dispensers without a service call.

Safety and Operations Materials to help you manage your beverage equipment are available at:

https://cokerapidresponseresource.com/safety_ops_page.html

A Letter From The Board

SFA Members:

Like I mentioned in my last email communication, it's been a long road through this unprecedented COVID-19 landscape, with our business shifting from regular business operations to weathering this pandemic. Adding to this, at a time when the stay at home orders were just being lifted in some parts of the country and many states were opening, we endured yet more adversity caused by protests, curfews and civil unrest affecting many locations throughout the country. Suffice to say, no one could have predicted the first part of 2020 would present such an unprecedented challenge. Having to endure pandemic-related restaurant closures, inconsistent health orders from state-to-state (and even county-to-county), inconsistent re-opening procedures, tremendous unemployment, protests, rioting, looting, layoffs, and now fears of a "Coronavirus second wave", our franchise community pivoted quickly to address these issues and adapted fairly well to "roll with the punches". Throughout these difficult events, the Board and I have continued to focus on not only keeping the brand afloat, but striving to bring Carl's Jr. back on top of the burger chains.

We are keeping close contact with CKE more than ever, through our board members and committees. From COVID-19 protocols and emergency forced shipping of products, to current shortages (egg, chicken stars, etc.), we have been in constant communication with CKE to communicate our needs on almost a daily basis. Some things were handled well by CKE (e.g., quick response with COVID-related POP for stores and the immediate preservation of cleaning products before supplies dwindled); other things were a struggle for CKE (most notably, CKE's slow response to COVID-related rent deferrals and the long delay in assigning specific individuals from CKE/Marcus Millichap to each Franchisee to finalize rent deferment negotiations). Rest assured, we hear the Franchisee community's voices on every topic and push hard for the collective best interests of our community.

Since the regular board meetings schedule was disrupted, we have asked CKE to do a virtual meeting with the SFA board every other month. Our next virtual meeting is on June 24.

We recently announced the cancellation of 2020 SFA Conference. It was a difficult decision to make, but we had to take in consideration all the precluding factors, limitations and concerns related to hosting our annual conference. We are working on finding an alternative solution for an interactive meeting this year and we will share the findings as soon as possible. We, as a board, have also decided that the golf tournament funds that were collected will be rolled over for next year's event.

As always, please do not hesitate to reach out to me with any questions or suggestions.



Amir Siddiqi
SFA President

COVID-19 Insights

The majority of consumers have no concerns with the safety measures and actions restaurants are taking post COVID. 63% of consumers have said that Safety Precautions are the most important aspect when considering a dine-in restaurant, second only to delicious food. (source: Datassential 5.29)

Implication: Consumers keep in mind the safety measures restaurants are taking; consider communicating actions you are taking including social distancing between tables, having hand sanitizer available, face mask / gloves, etc. to make sure they are aware.

52% of consumers find it difficult to find out which restaurants are following the new safety precautions and guidelines with 40% of consumers unsure of which restaurants are open. (source: Datassential Coronavirus Report: Pain Points 5.29.20)

Implication: As there is a lot of confusion over which counties and cities have re-opened for dine in, communicate to guests that you are open. In addition, overcommunicating the steps / safety measures you are taking through an infographic post or other visual cue will help restore guest's confidence. This will remain important in the short term until diners get comfortable coming back in.

Restaurant transactions continue to show weekly improvement, down -18% overall with the greatest gain coming from Casual Dining (through w/e 5/24) All restaurant types experienced improved transaction trends. As consumers' avoidance of eating out is softening, 49% are still avoiding it. (source: NPD Weekly Trans Data, Datassential)

Implication: As we slowly start to see recovering transactions, Americans remain concerned with eating out. Consider ways to ease their concern with messages of re-assurance, welcoming them back, and other ways to create a connection.

While trips remain lower than the prior year, the rate of decline continues to slow. We continue to see an increase in spend per trip with QSR \$/Trip around \$10 (through w/e 5/17). (source: Numerator)

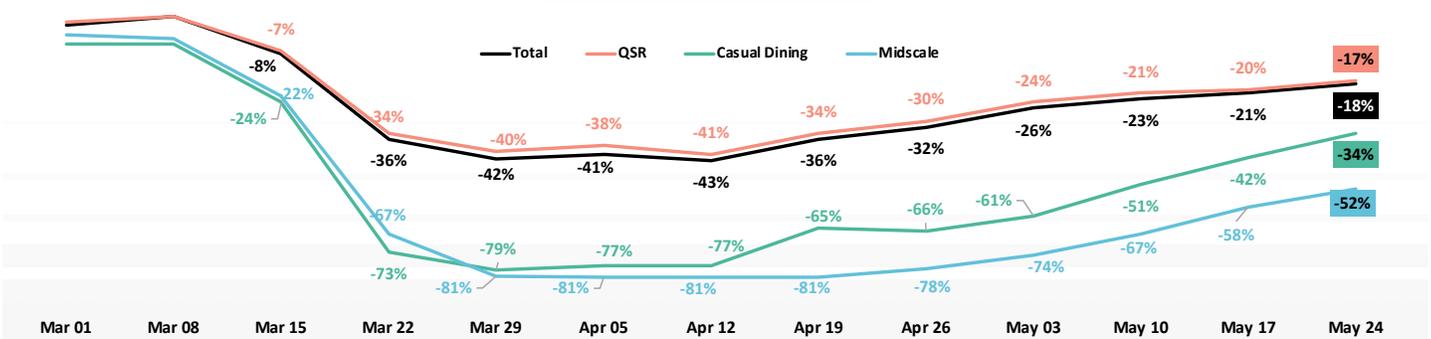
Implication: As consumers continue to work / school from home, making the most out of each trip will remain important. Leverage the higher average check opportunity with family meal deals by considering high margin add-on items (desserts, beverages, etc.) as a great addition.

About half of U.S. adults believe that businesses should be responsible for enforcing the wearing of face masks in public, indicating that they are planning to rely on restaurants to enforce any mask wearing guidelines. (source: YouGov, 5/26)

Implication: Consider ensuring that you have clear operational employee procedures in place for the new guidelines. As consumers believe businesses need to enforce these guidelines, laying out how employees should handle situations if guests are not abiding by the guidelines could be an opportunity to ease consumers' minds.

Total Restaurant transactions continue to show weekly improvement, with greatest gain coming from Casual Dining

Weekly Restaurant Transactions: Chg vs Yago



Concerns about COVID-19 linked to the Avoidance of Eating Out

