

Not just pizza anymore: Mazzio's seeks new growth

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Mazzio's CEO Greg Lippert is making a few changes in an effort to grow the business.

Since Ken Selby opened his first Pizza Parlor store in 1961, the business for the Italian-inspired entrees has changed almost as much as the menu itself.

Long gone are the days where chain pizza parlors dotted every block. Pizza Hut has begun converting many standard restaurants into Pizza Hut Italian Bistro casual dining concepts, and the once-dominant Little Caesars is now essentially a carry-out-only, hocking \$5 pizzas.

Today, Mazzio's Italian Eatery, the successor to Selby's original parlors, goes head-to-head with restaurants such as Applebee's, Olive Garden and Fuddruckers in competition for diners' stomachs and wallets.

And with Selby and CEO Greg Lippert growing the Tulsa-based Mazzio's Italian Eatery into 10 states with 170 locations, owners are looking at how to continue to grow the brand in the accelerating world of dining and retail.

This summer, Mazzio's will debut a store concept aimed at retail shopping centers instead of traditional stand-alone locations.

Lippert, who took over the company in 2005, said the company is looking to break into new markets in smaller towns, such as Bristow and Stigler, that might now be able to handle the million-plus-dollars cost of building a stand-alone restaurant.

To put it simply, Mazzio's is looking for a bigger piece of the pie.

For Mazzio's, keeping the pizza the same while evolving the company has always been a key to keeping up with national-chain competitors.

Selby, founder of the Mazzio's chain, said competition from casual dining chains started heating up when Oklahoma changed its liquor laws in the 1980s to allow restaurants to sell alcohol by the drink.

"In my first location, I called it survival," said Selby, who is still chairman of Mazzio's.

Selby said he had to ensure prices were competitive and the food was a consistent quality to keep chains from luring away customers.

The company also started placing more emphasis on its line of sandwiches, salads, buffalo wings and other dishes to distinguish it from national pizza chains.

Lippert said the company gets only about 55 percent of its revenues from pizza; the rest comes from dozens of items on the menu.

When new construction and retail markets started to collapse last year, Mazzio's was facing a recession at a

time it was hoping to pick up customers in new markets, Lippert said.

"Business at our existing restaurants has been good because pizza is a pretty good value compared to eating out and paying for each plate individually," Lippert said. "But we want to grow, and we needed to find a way to do so."

For the last 48 years, Mazzio's and its predecessors have followed the same principles for building new restaurants: find a corner or pad site and build a restaurant of 3,500 square feet or more.

With property, permits, construction and equipment, Lippert said those restaurants usually cost more than a million dollars each.

But moving into shopping centers was a move the company considered, Lippert said. Such a move would lower startup costs by about 30 percent and capitalize on the growing trend of retail "lifestyle centers."

But it's a move the company considered with caution, Lippert said.

"Investors today want to build something with a better initial return-on-investment," Lippert said. "This concept means they can lease a location from a developer, then just worry about running a restaurant."

The new restaurants will also be smaller, starting at about 2,500 square feet. But it is hoped they will attract a new customers shopping at nearby retailers.

The first of the new prototype franchises will open in July, but Lippert declined to say where because of issues with the real estate.

Lippert said the company has more strategies to fight growing competition from casual dining restaurants.

Mazzio's Corp. will open its second Oliveto Italian Bistro location in October, in the Dallas suburb of Tyler, Texas. Lippert says Oliveto, the company's second venture into Italian casual dining, is a more economical alternative to other chain restaurants.

And in September, Mazzio's will finish a remodel at its original location at 11th Street and Florence Avenue near the University of Tulsa.

Modern lines and a redesigned marquee will put the restaurant closer in line to national competitors. Lippert said the redesigns are simply a way to show that Mazzio's is reinvesting in its locations.

"The challenge is giving people a reason to choose us," Selby said.