

Deal of the Week: Sweet chain expands

Ritter's Frozen Custard opens new stores, tests adding hot food to menu

By [Katherine Feser](#)

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The new Dairy Ashford Ritter's will serve as a prototype for the franchise by testing adding hot food items such as hamburgers to its sweet menu in the Houston market. – Photo Credit: Gary Occhiogrosso.

Ritter's Frozen Custard is not just about desserts anymore.

The New York-based ice cream shop is testing adding hamburgers and hot food to the menu in Houston, a market targeted for expansion and home of its top-selling franchise in Katy.

A prototype store at 3005 S. Dairy Ashford in west Houston will serve as a model for other franchisees in the 22-store chain, which has another 15 in development. Another new Houston-area location is open at 22510 U.S. 59 North in Porter.

The design is a departure from the longstanding walk-up location at 3427 N. Fry Road in Katy, which represents the chain's first expansion outside the Indianapolis area, where it was founded by John and Bonnie Ritter in 1989. It opened 17 years ago.

The Katy location has no indoor seating and can see three lines each 15 people deep in the summer, said Gary Occhiogrosso, president and chief development officer of TRUFOODS, LLC., which acquired the concept in 2009. It is open year-round, unlike some locations in colder climates.

The new stores draw from the same blue and tan color scheme and use warm brick accent walls and quilted stainless steel in the decor.

"We have maintained the original look of Ritter's," Occhiogrosso said. "We try to give the location a really nice, homey nostalgic type of feel similar to the color schemes that were used in the old buildings with the walk-up windows."

Ritter's Frozen Custard plans to open 11 to 13 locations in the Houston market, Occhiogrosso said. The chain looks for sites in community shopping centers that are close to where people live, rather than in malls or lifestyle centers. Ideal trade areas have a median age of 34 years and a high percentage of the population with children.

Crady Newton of Colliers International, who is assisting with the site selections, identified The Woodlands, Sugar Land, Clear Lake, Pearland, Memorial, Bellaire and West University as potential markets areas.

"The challenge has been that when we find a great location, you may have four or five national brands like Ritter's all vying for the same location because everyone wants to be in the market," Occhiogrosso said.

The stores make frozen custard on-site several times a day using an egg-based recipe for a rich, creamy dessert.

"When you step up to the counter and order your custard, you can see the custard being made in front of you," Occhiogrosso said. "We don't cover anything up behind a wall. We're very proud of what we do, and we want the guests to see it in action. There's a bit of theater there."

The new signature menu item is a premium steak burger that blends chuck, sirloin and Kobe beef. A quarter-pound burger sells for \$3.99.

The average ticket is \$9, Occhiogrosso said. That works out to \$6 to \$7 for food purchases and \$4 to \$6 for frozen custard purchases.

Expanding the menu offers franchisees a chance to boost sales around the lunch and dinner hours, rather than just at snack times.

A franchisee can choose whether to build a freestanding store, which costs \$850,000 to \$1 million excluding land, or an end cap space, which typically costs \$400,000 to \$500,000, Occhiogrosso said. The Dairy Ashford store is freestanding.

Three additional shops are planned to open this year, including a company-owned location at FM 1463 and Spring Green Boulevard in Katy near the Kroger store under construction. A franchise location is planned at Clear Lake City Boulevard and El Dorado in the new shopping center that will be anchored by H-E-B. Another location is planned in Conroe.

Ritter's Frozen Custard plans to open 11 stores in the Dallas market, and will next focus on expanding into San Antonio and Austin.

TRUFOODS, LLC. also owns the Wall Street Deli, Naked Chicken Co. and Arthur Treacher's Fish & Chips concepts, and has a total of 46 locations nationwide.

<http://www.houstonchronicle.com/business/real-estate/article/Deal-of-the-Week-Sweet-chain-expands-6237537.php#photo-7913811>