

# CLEVELAND BUSINESS



## I scream, you scream

Ice cream vendors find franchising is hot with investors

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The simplicity of Rosati's Frozen Custard is a throwback to the days before ice cream got "DQ'd" and when M&Ms melted in your mouth rather than froze in your double scoop of chocolate chip cookie dough.

At Rosati's two stores, expect only chocolate, vanilla and whatever special flavor the husband-and-wife team of Jim and Marcia Rosati decides to whip up that day, be it Higbee's Chocolate Malted or Bananas Foster.

But nostalgia has its boundaries. The Rosatis realize summer's coolest treat has become one of franchising's hottest fads and find themselves aspiring to be the next Ben and Jerry instead of just another mom and pop.

Local shops such as Rosati's and Strickland's Frozen Custard of Akron have joined the

growing fray of ice cream retailers — Arizona-based Cold Stone Creamery, Connecticut's Carvel Corp. and Handel's of Youngstown, to name a few — that are looking to sign franchisees in and beyond Northeast Ohio.

Rosati's, which began business in 2002 with its Northfield store, opened its first franchisee earlier this year in Lakewood and this summer inked a franchisee who plans to open a Rosati's in the North Olmsted area.

Strickland's, which opened its first custard stand 68 years ago, has grown quietly to seven stores around its Akron home base and has franchisees as far away as Irvine, Calif., and Eagle, Colo.

Then there's Handel's, founded in 1945 at a Youngstown gas station. It continues its steady saturation of the Cleveland market with nine franchise stores here and 30 overall.

That Northeast Ohio is packed with competition does not sur-

See SCREAM  
Page 19



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## HERE'S THE SCOOP

COMPANY	HEAD-QUARTERS	# OF STORES		FRANCHISE START-UP COSTS	COLD, TASTY FACTS
		NATION-WIDE	LOCAL		
Cold Stone Creamery	Scottsdale, Ariz.	700+	4 (9 more on the way)	\$267,000-\$400,000	Choice of toppings are mixed with ice cream while prepared on a cold stone.
Handel's Homemade Ice Cream & Yogurt	Canfield, Ohio	30	9	\$135,000-\$175,000 (not incl. real estate)	Hard-packed ice cream, also offers specialty products—i.e. "Hurricane," "Handel Pop"
Hershey's Creamery Co.	Harrisburg, Pa.	200	5 (2 more on the way)	None (Owners must pay for real estate & products)	Hand-dipped ice cream, typically served in coffee shops, restaurants and kiosks
Rosati's Frozen Custard	Northfield	0	2	\$147,640-\$180,840	Smooth custard with a different specialty flavor offered each day (Higbee's Choc. Malted 2x/wk.)
Strickland's Frozen Custard	Akron	10	7 (3 more on the way)	\$207,250-\$295,750	A small custard stand 68 years ago. Now a growing franchise thanks to locals going West.

SOURCE: Information gathered by Henry Gomez, Crain's staff reporter



KRISTEN WILSON

## Scream: Learn to churn your own

continued from PAGE 1  
prise the Rosatis.

"Franchising itself has just gone up," Marcia Rosati said. "People think it's an easy way to make money. And Cleveland is a very meat-and-potatoes city. We sure like our ice cream."

### Handel on the market

Cleveland isn't so different from Youngstown, contends Handel's chief operating officer Jim Brown, and that's why Greater Cleveland has become Handel's No. 1 growth market.

"We thought it would be best to fish in our own backyard," Mr. Brown said. "Cleveland mirrors Youngstown in that the demographics are somewhat similar, and we feel there's wide-open competition in the Cleveland area."

And so, Handel's is scouting out more Northeast Ohio locations for its stores.

"I like Rocky River, Solon, University Heights," Mr. Brown said. "We also may do something at Shaker Square."

### Franchise players

The Rosatis and Mr. Brown say off-the-street customers inquire daily about opening a Rosati's or Handel's of their own. A few eventually do make that leap.

Lynda Utterback, publisher of *The National Dipper* trade magazine and executive director of Illinois-based National Ice Cream Retailers Association, marvels at the savvy she sees from many of these rookie franchisees.

"There are a lot of schools out there now that are teaching people how to make ice cream," Ms. Utterback said. "There are classes teaching you how to run a retail store."

### To be on your own ...

One option for entering the business comes from Hershey's Creamery Co., which doesn't charge franchising fees in the early development stages of

a retail store. Traditionally an ice cream vendor in coffee shops and turnpike toll plazas, Hershey's only recently has begun developing its stand-alone parlor concept in the Cleveland market.

Storeowners only pay the Harrisburg, Pa., company for product, as well as foot their own real estate bills. Local entrepreneur Frank Campagna has bought into the concept. He runs a stand-alone Hershey's parlor on Pearl Road in Strongsville and plans for at least two more — another in Strongsville and one in Brunswick.

"It's blown me away, the demand," Mr. Campagna said. "Really what they're trying to do is find guys like me who are willing to invest in the brand name."

### ... like a rolling Stone

But before inking a deal with Hershey's, Mr. Campagna almost signed up with Cold Stone Creamery, the rapidly expanding Scottsdale, Ariz., mix-in chain that in a year has opened four stores in Greater Cleveland and has nine more under construction.

Cold Stone is a pacesetter of ice cream's latest customization trend, so it isn't surprising that Mr. Campagna and other competitors are taking some digs at the new kid on the block.

"Cold Stone is too labor-intensive," Mr. Campagna said, referring to the chain's very hands-on mixing of candy, fruit and nuts into ice cream chilling on a cold slate. Store employees even sing for tips.

"I've got five customers served in the time they've got one," Mr. Campagna said. "Don't get me wrong, there's a value to novelty, but I don't think the cost of labor is worth the novelty."

### Cold reality

The criticism doesn't bother Scott Hindenlang, Cold Stone's franchise developer for Ohio. He uses a stack

of more than 100 job applications for the new Strongsville store to measure the chain's viability in Greater Cleveland.

"There's just really not that many different ice cream concepts in Cleveland," Mr. Hindenlang said. "Our customers want a 10-minute vacation when they walk in the store. It's all about customizing the ice cream for the customers and making a personal connection with them."

As for Rosati's co-owner Jim Rosati, he'll stick with keeping things simple — although he and his wife do exhibit the enthusiasm and, perhaps, naivete of entrepreneurs who hope to become ice cream's next big thing.

"Ever hear of McDonald's?" Jim Rosati asked, only half-jokingly. "I'd say we'd like to open 100 stores in 10 years."