

Righting the ship: With Captain D's new leadership team in place, focus shifts

7/25/11 - Alicia Kelso



Captain D's sale to a Sun Capital affiliate in May 2010 set in motion numerous changes at the 42-year-old seafood QSR, spearheaded by recently appointed CEO Phil Greifeld. Among them was an overhaul of the leadership team.

The Nashville, Tenn.-based chain has a new executive vice president of operations, vice president of purchasing, vice president of product development and executive vice president of marketing.

The personnel changes were necessary, Greifeld said, to turnaround same-store sales – which had been lagging for years – by updating the brand's message, products and stores, and by focusing on customer experience.

"Candidly, the brand had gotten sleepy, tired, over the years. There wasn't a lot of reinvestment or menu innovation or product development. The company hadn't capitalized on taking care of the customer every single day," he said. "I needed the right people in place to achieve the betterment of the brand."

Although Greifeld admits he has a sense of urgency about a Captain D's turnaround, he knows it won't happen overnight. Still, since he jumped on board, same-store sales have started an upward trend.

"The initial results of our rudimentary changes are working. We don't disclose financials, but our earnings have turned positive, and have been positive through 2011, and we feel very good about our momentum," Greifeld said.

Mapping out menu and equipment changes

Greifeld believes Captain D's is well-suited for continued momentum because of its long history and its unique positioning. Unlike the crowded burger segment, there are few seafood-focused players in the QSR segment.

"There is a lot of white space in the seafood category and that gives us a great opportunity to further capitalize on the strength of our brand," he said.

It doesn't hurt, he added, that American consumers are demanding healthier food on the go. Healthier menu items are a top trend listed in the National Restaurant Association's 2011 forecast.

"I don't think we have established a healthy halo yet and we have a huge opportunity to do so because we're a seafood concept in a burger nation. We will definitely be taking advantage of the healthy aspect," Greifeld said.

To initiate this objective, Captain D's will begin rolling out new equipment in its units, likely by the end of the year. The pieces are in test right now and are designed to supplement cook-to-order methods and to reformulate preparation techniques.

"The intent is to offer more grilled items, more healthful items. If this is executed right, we think it can help significantly rejuvenate the brand because of the higher demands," Greifeld said.

A recently released NPD Group study validates this strategy, showing that while U.S. fried seafood consumption has steadily declined since 2007, the demand for grilled, broiled or baked fish is growing.

"The growth in non-fried seafood servings suggests consumers are making health-conscious decisions," said Bonnie Riggs, NPD restaurant industry analyst. "With the attention healthful eating is being given by public and private sector initiatives, restaurant operators may see this as a good opportunity to assess their seafood menu offerings in order to meet their consumers' interests."

In addition to touting its lower-fat seafood options, Captain D's also plans to reach beyond its signatures in the coming year with a more robust menu that could position the chain as a formidable chicken player.

"(Chicken) is a natural extension for us as another white meat. We are comfortable with a leadership position in the seafood space but are looking, within reason, to methodically reach out into other areas of the marketplace," Greifeld said.

Captain D's has already branched out a bit with its new line of six sandwiches, including Breaded Chicken, one of the top sellers thus far.

The sandwiches were also developed, in part, to boost drive-thru traffic. Captain D's is an anomaly in the QSR segment, generating just 30 percent of its sales from the drive-thru, versus about 65 to 70 on average.

"There is a big demand for portable product offerings that travel well. We are working on doing this right because it's been a void in our system. We think it will give us a competitive re-entry into the marketplace that rivals the gold standard players in the industry," Greifeld said.

Updating the message and design

The equipment and menu updates are just the tip of the iceberg for Greifeld's ambitious agenda. Captain D's is currently going through a formal brand assessment to develop a plan that attracts a wider consumer base.

"Right now we represent seafood and that's top of mind awareness, which is good. But this assessment is a hypothesis of what D's could be by further crystallizing that awareness and reaching beyond seafood consumers," Greifeld said. "What we have planned for the future will position ourselves differently."

The brand's aesthetics will also shift as this new position evolves. Although Captain D's underwent an update in 2006, Greifeld said it simply didn't go far enough.

"You can't just put a new façade on a building and call it a remodel. While it looked better, it did not resonate or meet guest demands," he said. "We are working on things much deeper than that – exterior, interior, logos, uniforms, etc. These changes will be comprehensive, not piecemeal."

Marketing will play an important role in this strategy. Captain D's now has an 18-month marketing calendar in place, as opposed to a month-to-month schedule. The team will also try to connect more with a younger demographic – the 18-to-34-year-olds – than it has in the past and will significantly increase the company's social media efforts.

"When I started, I thought the brand was all over the board and its products were mundane, really. We must do a better job of connecting with our guests by communicating a succinct message, and in offering more flavorful, fun food," Greifeld said. "We still have some work to do in getting the house in order, but I think our team is strong and solidified and will move this brand forward."