

Restaurant Research's Benchmark Analysis Report

Denny's
March 2011

Executive Summary

The country's largest family dining chain continues to progress with a turnaround that has included: (1) a complete management overhaul; (2) successful new marketing which has driven sales and traffic of its popular new value menu and; (3) accelerated development in connection with its Flying J/Pilot Travel Centers partnership. So far, it seems that the brand's turnaround has stemmed the system's decline but it now remains to be seen how brand leadership will jump-start margins at the unit level which we believe may be poised to fall to 2008 levels this year. Given the brand's orientation towards the working class and seniors, it seems to us that value will by necessity remain a key marketing message for this brand. Resultantly, Denny's must adapt by learning how to squeeze blood from a stone while also seeking to expand its customer base to include the more affluent (perhaps not so easy for a family diner with low customer quality ratings). In any case, we like what we see so far in terms of the brand's turnaround even if the chain's secular challenge maybe formidable in nature.

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RR Clients

Includes major lenders, investors, major US restaurant chains, operators and industry consultants. Please check www.ChainRestaurantData.com for a partial client list and customer testimonials.

More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-405-1901.