

# Up to My Ears in Chili

If you think Chili House is an international food chain, you're not alone. Little has been said or written about the company, who's behind the brand, and where they are going... **LuAyy Najjar** finds out.

**A**fter 22 years in the market, how many people know that Chili House is actually a Jordanian, family-owned, small business? The company's image update in 1995 was evidently so effective that most people assumed Chili House was a big U.S. brand.

In the mid 1960s when Fahed Tueimeh and his brothers moved to the U.S. and entered the restaurant business, no one knew they would return to Jordan and introduce the concept of hamburger restaurants - or chili for that matter.

In 1985, when the original 8th Circle Chili House location opened, it was the only place that made American-style hamburgers and fries. It was also the only place in Jordan that you could buy chili, coney and cheese coney (chili-covered hot dogs). At that time the only options in Amman were only a few places (King Burger and Queen Burger), both offering very poor examples of kofta-style hamburgers.

The small family-run store warmed people's hearts and stomachs and quickly earned a following. The brothers and cousins who had returned from the U.S. to start this business had earned sizable suc-

cess with their chain of chili restaurants in the U.S., Gold Star Chili. In 1987, when Fahed Tueimeh returned to Jordan with the Gold Star recipes, he also brought with him a tried and tested philosophy of branching out and managing a multi-location operation. Just one year later, new locations opened on Gardens Street and at the University of Jordan. In 1990, another restaurant opened in Sweifieh.

Many factors contributed to Chili House's success. The outlets were all run by family members. Food was always prepared fresh rather than frozen, and only the best quality ingredients were used. To manage their growth and maintain standards, the company formed a commissary where all of its products were prepared and then distributed daily to all locations. They even baked their own bread at a premium cost.

By the late 1990s, Chili House was enjoy-

ing success with eight locations in Amman, Irbid and Aqaba. By 2000, when most of the new competition was cementing itself in the market, Chili House had 11 locations in all of the important business districts. Though Chili House had a strong following of loyal customers, the company, a pioneer and a near monopoly, was to be challenged by some fierce and powerful rivalry.

## Finding the right formula

To ensure their prominence, Chili House worked with the Kurdi Group and entered the mall market, starting with Abdoun Mall.

The challenge for heading into the food court environment for the company was its original store concept: when you eat at Chili House, you are served on china and with real silverware - not paper wrappers and bags or trays. A waiter asks for your order and your food is prepared. How was the company going to translate this high level of service to the mall concept? Its process took too long for people who had to stand in line and wait for their order in a mall/food court atmosphere. They overcame and reengineered their kitchen formula to offer the same quality.



To maintain their prominence in the mall, the Tueimeh's created two other restaurant concepts, Chix-fil-a, and Formagi Pizza. They also did this to offer varieties, since Kurdi gave them a monopoly at Abdoun Mall. However, due to the overwhelming demand and presence of international competitors, as well as Kurdi's unwillingness to extend the monopolies to future malls, they had their work cut out for them.

While it makes them work harder, the Tueimeh family welcomes competition because it forces them to adapt and improve their business practices, which were important as Jordanians became more restaurant savvy.

In 2004, Sami Tueimeh, Chili House's current CEO and Fahed Tueimeh's son, returned to Jordan from the U.S. with enthusiasm and a desire to shepherd the company into a new era. He commissioned market studies and focus groups and found that many changes had to be made in order to maintain Chili House's market prominence.

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### Intelligent moves, research rewards

In response to the research data, the company launched a re-branding campaign, added delivery and a drive-thru location at the 8th Circle restaurant to test what it would take to keep up with the competition. In the past, Chili House relied on competitors for market information, but with Mr. Tueimeh at the helm, the company commissioned many qualitative studies and analyses.

"The competition was expanding rapidly, as was the marketplace," Mr. Tueimeh explained. "Obtaining data on market share was next to impossible, but data on consumer expectations was our primary objective in order to achieve more market share. We knew food quality was top, we shared data with our licensees, and everyone got on board.

It was tough to motivate our licensees because of cost. We started with our company-owned stores. Leading by example, improved sales numbers showed them return-on-investment (ROI) on upgrading facilities. We implemented seminars, training at company stores and made major interior improvements. The expansion of Burger King and Hardee's in the market terrified us! However, the data provided the ingredients for our new road map." Chili House's presence on university campuses allowed the



Hot stuff: Sami Tueimeh, Chili House's CEO

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company to keep entering and capturing the hearts of younger generations. Kids' meals and kids' play areas, coloring books and toy giveaways were added. This kept them coming. So too did the challenges.

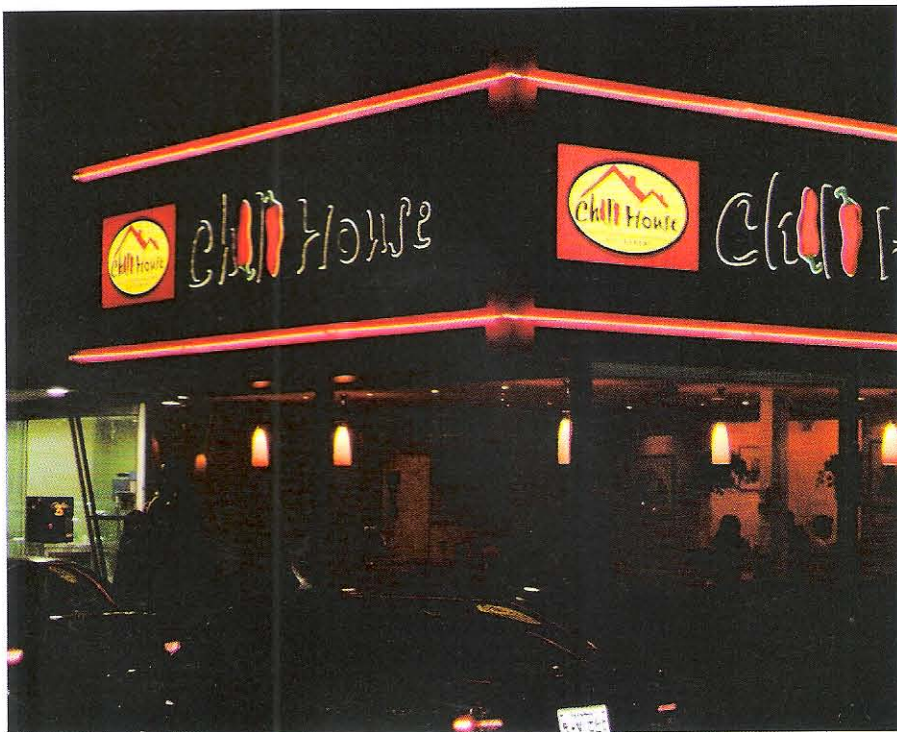
### Taking chili to the region

The influx of Iraqis over the last four years brought about new challenges on local infrastructure, from supplies to parking and traffic, and it meant again that Chili House would have to refocus its game plan. The "Over 20 Years" advertising campaign, which saturated Jordanian media, helped ensure that people knew and remembered that Chili House was the original quick-service hamburger and chili restaurant. The new logo and company identity showed

that they could play with the big boys. Nevertheless, both Sami and Fahed Tueimeh were committed to ensuring the company's staying power, which they did by commissioning more market studies and developing a new strategy to go regional.

Chili house is now open in Syria and Egypt and currently has plans to open in five Gulf states: Bahrain, Qatar, Oman, Kuwait and the UAE. A location in Ramallah opened in 2003. However, problems getting cheese and simple supplies to this location, as well as changing duties and taxes, forced its closure last year.

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#### A new master plan

Chili House's promise of high quality forces them to operate at thin margins; it is important to maintain standards of quality and service. Many people don't know that Chili House uses 88% fat-free, fresh beef with no fillers. The chicken is 100% white breast meat, and not processed. Soy oil, not animal lard, is used for frying. This oil has no cholesterol and is changed daily, not every three to four days like most restaurant chains of this kind. The used oil is sold and recycled to an environmentally-conscious company for reuse in soap and detergent products. Fresh bread is baked daily at the company commissary and delivered to the stores. Even with diesel costs going up, sacrifices have not been made for savings. Salad bars, gourmet salads and chicken and fish sandwiches have also been introduced to the menu, all in an effort to offer customers the best choices possible.

"With quality of food and service being the

utmost priorities, it has been quite an undertaking. Developing management and supply systems, as well as internal and external company protocols, have been quite a challenge and equally exciting," Mr. Tueimeh said.

The CEO is implementing a new master plan for the next three years that will produce 10 new locations by 2010, four of which will open this year. Mystery shoppers are being sent to review the progress of improvements and implementation. Analyzeize, a market research company in Jordan, performed dozens of focus groups to study a multitude of age groups and facets of the way the business operates. Implementation of their recommendations has begun. "We want them to be perfect, we know we have a long way to go, but we are a family run business."

While it sounds small-time, the new master plan for 2007 to 2010 will include a whole new set of manuals, procedures, training and standards. The stores will look more alike, yet not lose the comfortable, cozy nature they have maintained for over two decades.

Chili House has spent thousands of dollars and hours studying, consulting and negotiating to ensure that the company re-

mains the premier and dominant business in this segment while trying to modify its approach to join the fast casual sector and setting themselves apart from the constant fast food comparisons. Chili House will not abandon what created the brand loyalty they have maintained for so many years.

#### Not just chili anymore

A new menu featuring finger foods, healthy alternatives like veggie burgers and chili, cheese, and chicken combos with rice, has been introduced as part of a re-branding effort to regain the freshness of their offerings. The slogan, "Not just chili anymore" will replace "Spice it up!" While "Spice it up" has been their message since 2005, Mr. Tueimeh is hoping that the new brand image will attract people who weren't interested in chili or burgers, as well as bring the chili loyalists back to see what has changed. "Bring me 20 more burger joints, but chili is ours!" Mr. Tueimeh said.

"Healthy Food Fast" is also part of the new effort. Chili House will embark on a new campaign to educate consumers on the health-conscious style of the company's preparation, as well as the low fat, low sodium items offered. They will start with the new veggie burger, which tastes just like beef according to Mr. Tueimeh, and spotlight their already popular gourmet salads, as well as feature clever campaigns to inform the public of their already healthy approach to ingredients and food preparation.

Negotiations are underway with Pepsi, their exclusive soft drink supplier, to offer Tropicana juices in all of their locations. "The new menu will enable health-conscious people to dine with their friends and family members who prefer a richer food selection," Mr. Tueimeh explained. Chili House also worked with architects to create new façades for their locations, making them more instantly recognizable. Chili House locations have been around so long that they missed out on the real estate rush and relocations will prove costly to improve parking and access. While they haven't given up, it will take time. Chili House is negotiating to buy up leases for existing businesses including competitors at a premium to ensure that as leases expire, they can capitalize on prime locations, but in the mean time they are counting on the facelifts for the next three years.

"Bottom line, we were lucky," Mr. Tueimeh said. "The simple warm family approach, where everybody knows your name, was just the best we could do in Jordan. It turned out to be the key to our success." ■