



Pie in the Sky

A new crop of competitors leads the pizza segment's evolution

By Allison Perlik, Senior Editor

Delivery or dine-in, takeout or take-and-bake, pizza long ago cemented its place in American dining. Last year alone, the segment generated more than \$25 billion in U.S. sales at 64,500-plus units, according to Chicago-based market-research firm Technomic Inc.

Always among the industry's most competitive categories, the pizza segment now faces even greater challenges. Sales growth in seven of nine limited-service categories outpaced pizza in 2002 over 2001, Technomic reports, and overall the number of pizza units decreased by 0.2%.

To help reverse these negative trends, a new generation of pizza-based operations has emerged to revitalize this customer favorite. While old-school pizzerias committed to traditional toppings such as sausage and pepperoni still abound, a mix of contemporary settings, high-quality ingredients and more-exotic offerings characterizes many up-and-comers.

Consumers visiting these forward-looking chains can select from unusual toppings such as pine nuts, zucchini, eggplant and oranges. Feta, fontina, Gorgonzola and Gouda are among cheeses joining mozzarella on menus, while sauces such as pesto, Alfredo, salsa and Thai peanut are offered alongside the familiar tomato-based. Options meeting special dietary needs also are more common, with dairy-free cheeses and vegetarian and vegan choices on the rise.

Through a variety of service formats in markets nationwide, the growing pizza chains that follow aim to combine all these elements to deliver their own slices of success.

Extreme Pizza

Home base: San Francisco

Units: 13

Seats: 20 to 40

Check average: \$8 dine in; \$17 delivery

Average unit volume: \$1.06 million in corporate stores

Growth plans: already signed agreements for at least 29 stores in next 5 years; more to come

Web site: www.extremepizza.com

Why watch it?: "Extreme" theme appeals to younger customers, quality products attract adults.

When it's time to christen new creations, Extreme Pizza turns to the best creative team it knows: customers. Hence the offbeat tags on such specialties as the popular Poultry Geist (chicken marinated in ranch sauce with broccoli, onions, fresh sage and Swiss, fontina, Gorgonzola and mozzarella cheeses) and the unique Peace in the Middle East (house-made hummus, tomatoes, olives, onions, feta, fresh basil, pepperoncini and mozzarella).

Launched as a take-and-bake operation in 1994, Extreme Pizza soon switched its focus to ready-made pies. Today delivery accounts for the majority of sales, with dine in, carryout and take-and-bake also available. In addition to signature pies, the chain offers four deep-dish pizzas and a build-your-own option with new potatoes and green chiles among the toppings. Personal-sized "Indee Pizzas" and pizza by the slice also are available.

Sleek interiors add to Extreme Pizza's appeal. The company hires professional photographers to shoot extreme sports competitions such as snowboarding and windsurfing and lines the stores' walls with pictures for a gallery-type feel.