



Hardee's Benchmark Report

Executive Summary

Hardee's is distinguished in QSR by a Southern classic, comfort culture brand positioning which includes table service and a strong breakfast orientation (44% mix). Specialty hand crafted food includes: made-from-scratch breakfast biscuits; made-to-order charbroiled burgers (with over-sized patties & Black Angus options); hand-breaded chicken tenders; charbroiled chicken line with no artificial ingredients, preservatives or antibiotics ever; and hand-scooped ice cream shakes. Value comes in the form of its \$5-\$7 All Star Meal box every day value platform, various national LTO deals and local offers advertised in-store/on the windows. While the chain's AUV underperforms, its COGs far outperforms the segment average which reflects a profitable breakfast mix and a historical aversion to discounting and low price-points. We also appreciate CKE's plans to separate Hardee's & Carl's (in terms of marketing & menu), benefitting both brands given sharply different geographies and demos. This means Hardee's can now pursue menu, marketing and facilities which best suit its regional orientation in the South & Midwest. Having said all this, the brand remains challenged to compete with the larger, national players around value/discounting because it lacks sufficient share of voice to promote both quality and value sufficiently to overcome trade-down. The challenge is to run Hardee's as a regional brand which requires a very different skill set compared to the past practice of seeking to combine the disparate brands in pursuit of national scale. Some operators believe the brand would be better off emphasizing ample mid-tier choices of higher quality menu options and this reflects the belief that Hardee's is used more as an occasion visit as opposed to a QSR heavy user stop. In any case, a high level of turnover for the brand's ad agencies reflects the difficulty of defining a suitable brand positioning amidst all of these issues. Weak comps over the last couple of years also reflect a lack of an all-day breakfast, operational complexities associated with Hardee's business model that pressures service speed and a lack of a digital ordering platform (which is forthcoming). **In conclusion, stakeholders must exercise patience as CKE's new management team continues to find ways to leverage the chain's considerable brand equity built upon quality biscuits, burgers & tenders in a difficult, competitive operating environment sufficient to reinvigorate Hardee's comp performance.**

Table of Contents	Page	Table of Contents	Page
Executive Summary	1	Build vs. Buy	12
RR Dashboard	2	Unit Development	13
System Statistics	3	Unit Closings	14
Target Market & Advertising	4	System Condition/Remodeling	15
Menu	5	Franchise Overview	16
New Products & Promotions	6	Menu Exhibit	17
Operations	7	State Unit Maps	18
Technology & Equipment	8	State Unit Detail	19
Sales Trends & Market Share	9	Concept Photos	20
Unit Economics	10	RR Overview	21
New Build Costs	11		

Order report at www.ChainRestaurantData.com

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 to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or (860) 352-2198.