

QSR

The 40/40 List, Final Edition

THE 40/40 LIST

A LOOK BACK AT EMERGING FAST CASUALS—WHERE THEY'VE BEEN AND WHERE THEY'RE HEADED NEXT.

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honeygrow
FOUNDER AND CEO
JUSTIN ROSENBERG
SEES PLENTY OF
HEALTH-CONSCIOUS
GROWTH AHEAD.

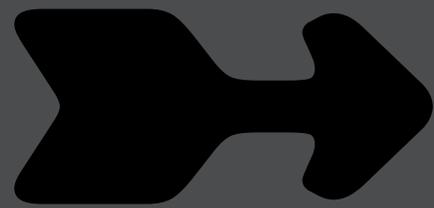
AND INSIDE:

Restaurant Franchising / P.49

The 40/40

List, Final

Edition



**AFTER EIGHT YEARS,
WE SAY GOODBYE
TO THE REPORT
HIGHLIGHTING
ONE OF THE MOST
FASCINATING AND
DIVERSE SEGMENTS
IN THE RESTAURANT
INDUSTRY.**

/ BY QSR STAFF

When we began the 40/40 List at *QSR magazine* in 2017, we were reacting to the market. Fast casual, especially starting in about 2010 or so, had become the growth hub of quick service. You could trace its roots to a lot of places, likely in the early 1990s (although no such characterization existed when Chipotle started to check the boxes that would become defining characteristics), but the main kicker was mostly a real estate one. Aspiring restaurateurs turned to inline, leased real estate, which could be developed more affordably. This proved increasingly fertile ground for

fast-growing pizza concepts and sandwich brands and would soon become the incubator for what would later be coined “fast casual.”

However, as the category emerged, challenging its larger quick-service peers on quality and its casual-dining ones on price and convenience (and sometimes quality, too), fast casual began to fracture like any developing segment would. We at *QSR magazine* termed the movement “Fast Casual 2.0,” or the recognition of an even more elevated version of an elevated corner of food-service. Simply, there was a material difference between your Panera and

Chipotle concepts of the world, and others springing up, from Modern Market to Mendocino Farms. Originally, the idea was to create four tiers on the 40/40 List. Established front-runners would lead off and upstarts would inch in. Year-to-year, brands would move up, drop out, enter, and so forth as they progressed from challengers to growth-minded fast casuals.

What ended up happening, though, is we abandoned the tiered structure in Year 2 and introduced 40 new concepts. That was partly in response to the upswell of feedback we received, but also an acknowledgement of the movement's core purpose, which was to capture the entrepreneurial spirit of fast casual and its ability to unlock concept creation in a way quick service plainly hadn't before, at least on any broad level. So that's what we did—from 2017 until 2024—*QSR magazine's* 40/40 List featured a total of 320 unique concepts. It was one heck of a run. Some have gone on to appreciate massive growth (CAVA was on the Year 1 list, then known as Cava Grill, with 28 locations) and others have, as this industry will often do to you, been swallowed by market conditions and the endless challenges of running a restaurant.

It was really last year, however, when I began to consider the framework and how this list might need to pause and rethink its future. The truth is, while there remain new-market concepts and brands deep on one side of the quality spectrum, fast casual and quick service are growing closer together these days instead of separating. You can thank technology, fast food's response to fast casual, and consumer preference for many early quality traits in all of their dining expectations. It's also simply a matter of attrition. For us at *QSR magazine*, we were finding filling out the 40/40 List a different experience than it once was. It had become more of a search party than an exercise in capturing a wave. So for now, in the spirit of honoring the 40/40 and what it was originally designed to do, we're going to slow and take a look back before plotting the path forward. Where will fast casual go next? We're not sure, and that's what this ride is all about.

—Danny Klein, VP of Editorial

JUSTIN
ROSENBERG

honeygrow

FOUNDED: 2012 ★ APPEARANCE ON 40/40 LIST: 2017

Justin Rosenberg founded honeygrow about a dozen years ago, but no one has ever asked him why he chose not to capitalize the name.

It's a "nerdy answer," he says. honeygrow—a Philadelphia-based stir-fry concept—is a play on words of "honest eating, growing local," and he wanted branding that could match that ethos. He worked with a designer on the fonts and went through 40 to 50 itera-

tions before landing on the current one.

"It just looked most aesthetically pleasing lowercase," Rosenberg says. "It just felt like, for me, more approachable at that font. I liked it a lot to just keep it like that."

The details matter to Rosenberg. Nothing about the founding of honeygrow was half-baked.

The first location opened in 2012, but he first

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honeygrow



came up with the concept in 2009 during the explosion of new fast-casual concepts. Rosenberg worked in finance inside a cubicle, but he had always been an entrepreneur at heart. He was eager to create and scale something—an idea that would bring that simmering passion out of him.

The company he worked for owned several shopping malls around the East Coast, and he would see the numbers for anchor companies like Apple, Starbucks, and Chick-fil-A. Rosenberg kept thinking about great brands and what caused them to perform so well. He wanted to be the next success story.

After recognizing the “what,” Rosenberg soon found the “why.” Around this time, he was about 60 pounds heavier than today. His first daughter was born, and admittedly, his health wasn’t great. Rosenberg’s doctor told him that if he wanted to see his child walk down the wed-

ding aisle one day, then he needed to get his life in order. At 26 years old, he opted for a plant-based diet for two years and read a book called “The China Study” by Dr. T Colin Campbell that “radically changed” his perspective on life and food.

As Rosenberg began making more salads and throwing noodles into stir-fry, the entrepreneur inside him began to break free.

“I really thought about how nobody is doing anything like this. And there are Mongolian barbecues out in the Midwest,” Rosenberg says. “There was one at Penn State where I went to school. I thought it would be really cool if somebody could figure out how to do this and scale it, not as big of a footprint as a casual-dining concept. And the word ‘fast casual’ was new. So I wasn’t really tossing that word around. But how do you do it smaller, better, faster?”

The renewed focus on health led him to honeygrow, a fast-casual brand specializing in freshly made

and customizable stir-fry, salads, and honeybars. honeygrow now has more than 50 locations across Philadelphia, Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Virginia, and Ohio. Seventy to 75 percent of sales come from stir-fry; the create-your-own option with chicken is the number one item. From almost day one, the chain has sold bowls with spicy garlic, sesame garlic, and coconut curry sauces. LTOs are mixed in, like the Chesapeake Crab stir-fry. The Butter Garlic Chicken dish performed so well as a limited-time offer that it became a permanent addition.

Growth hasn’t been without its challenges. Around the beginning of 2018, honeygrow had expanded quickly inside many new markets at once, and Rosenberg became concerned that he wasn’t replicating the right version of the company. The culture wasn’t translating the way it was closer to the home base of Philadelphia, and the real estate wasn’t as



honeygrow / JASON VARNEY

strong as it could have been. Rosenberg decided to pause growth and take time to perfect the business model.

“It was hard to see our peers grow, grow, grow during this period of time,” Rosenberg says. “But I knew deep down and my team knew deep down that we really needed to perfect everything from real estate strategy to operations, to training to onboarding, to etc. to get it right. And that’s exactly what we did.”

By 2020, honeygrow was ready to move, but then COVID happened. Two to three months into the pandemic, the fast casual remained in good shape because the product travels well for carryout and delivery. The consistent sales allowed the brand to open its first newer prototype around Labor Day. That restaurant opening—despite COVID restrictions—did well. With an improved blueprint in place, the chain has opened about 30 additional stores over the past four years, more than doubling the company’s size. In late 2024, honeygrow debuted in Ohio, and the numbers have surpassed Rosenberg’s expectations.

One of the biggest keys was staying disciplined around real estate economics and not “jamming these things” into costly urban environments, Rosenberg says. Leading up to 2018, when the reassessment happened, honeygrow had learned a great deal about store openings. Eventually Rosenberg and his team realized the better economics were in the suburbs, especially if they found high-quality co-tenants.

“I just always thought it was more of a city concept. When I opened up a suburban spot, it just exploded. I was like, ‘all right, well, I was wrong,’” Rosenberg says. “So, what we found is that we can go to markets like Brooklyn Heights or we can go to markets like Owings Mills, Maryland, and the suburbs of Baltimore and it will work. And as long as the economics of the deal are good and just as long as you have



honeygrow

FOUNDER
JUSTIN ROSENBERG
ATTRIBUTES MUCH OF
honeygrow's SUCCESS
TO ITS HIGH-QUALITY
INGREDIENTS.

great leadership in the four walls, you're going to create those great guest experiences. It's not a hard equation, but it's certainly a difficult equation to execute over and over again. And that's the challenge of anyone in the restaurant industry—you want to be able to replicate something consistently and great.”

honeygrow also used its break to become a self-funded growth company with essentially no debt on the books. The chain has access to a line of credit but hasn't used it yet.

“In that process, we just became income positive and proud of that,” Rosenberg says. “We look at certain publicly traded companies in the restaurant space that are doing much better than us on sales, but we make more money than them, which is comical. So we'd love to be their size one day, but we'd rather do it in a way that we're actually profitable in the process.”

Going forward, honeygrow is seeking 30 percent annual unit growth. Rosenberg knows it will be a difficult task. This isn't a concept where employees walk down an assembly line and scoop things into a bowl. Managers are training employees on reading tickets and paying close attention to accuracy, cleanliness, hospitality, product quality, and speed of service. There are a lot of variables, and everyone must be collectively on board for everything to work.

It's a harder operation, but Rosenberg says his team enjoys challenging each other. There's a reason why honeygrow survived the oversaturation in the fast-casual segment over the past decade-plus.

The details matter.

“I think people are smart,” Rosenberg says. “I think they can really discern a quality product and what it stands for, and they're willing to pay a dollar for something good, but they're not willing to pay a dollar for something that's going to be a sad, mediocre experience that simply is a replication of or 'wanna be' of something else.”



Velvet Taco

FOUNDED: 2011 ★ APPEARANCE ON 40/40 LIST: 2018

Dallas-based Velvet Taco landed on *QSR magazine's* second 40/40 list in 2018 as one of America's hottest startup fast-casual restaurants when it operated only six locations. From the start, the brand distinguished itself in a crowded market with its culinary creativity, highlighted by the Weekly Taco Feature (WTF), which tests 52 unique flavors annually.

Fueled by a significant investment from private equity firm L Catterton in 2016, Velvet Taco prepared for rapid expansion. Today, the brand has grown to nearly 50 locations across eight states and is set to expand internationally,

with its first London location slated for spring 2025.

Venecia Willis, Velvet Taco's director of culinary operations, joined the "Tribe" in 2021. She attributes the brand's growth to substantial investments in its operational foundation. During her tenure, the company has doubled its number of locations, transitioned from a small office at WeWork to a regional sales hub, developed over 150 new tacos for the WTF lineup, completed eight menu rollouts, and tested several new items and daypart expansions.

“The team has worked diligently to build an infrastructure that could sustain

growth to 100-plus units. We have momentum coming out of 2024, having opened two major markets in Miami and Scottsdale,” Willis says. “London will be just one of many expected global locations. As we grow in size, we’re able to offer more development opportunities for our Tribe, which is the most important part of what we do.”

Recent menu innovations include an expanded catering program—featuring Taco Kits that bring the Velvet Taco experience into guests’ homes—and locations with full bars and regional menus, such as the Miami restaurant. While the brand continues to evolve, Willis says it has stayed true to its commitment to high-quality tacos, global flavors, and scratch-based kitchens.



Scaling from six locations to nearly 50 requires meticulous planning and organization. Willis notes that the WTF lineups now must be carefully planned with ingredient sourcing and usage in mind. Sustainability has also become a greater focus as the brand scales.

“With our national reach, we are more mindful of waste and how we can be better consumers, including when we source rare ingredients in our smaller markets. Over the years, kitchen design has improved immensely, allowing our team to create a plan that fits our needs,” Willis adds. “Our biggest recent win is expanding into non-traditional and international sites, building relationships with new partners who will uphold the standards our guests know and love.”

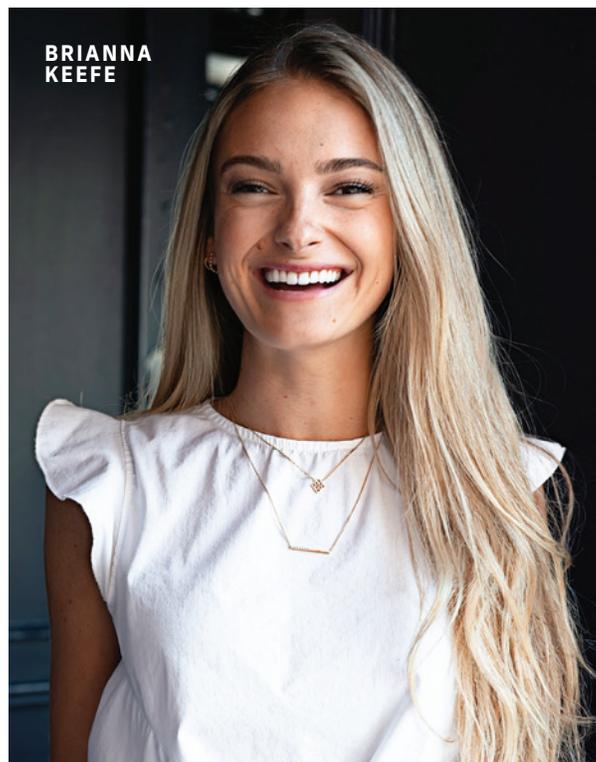
From a culinary perspective, Willis is eager to forge new brand partnerships and explore creative culinary opportunities. In 2018, president and now-CEO Clay Dover said Velvet Taco would grow responsibly, intelligently, and “with its standards and performance closely guarded.” According to Willis, the brand has delivered on that promise.

“We are always experimenting on what a taco can be and who it can be for. We’re always adding new menu items and categories that offer our guests new flavor experiences, and I can’t wait to see what we create next in new markets,” Willis says. “Velvet Taco is just getting warmed up.”

VELVET TACO HAS GLOBAL GROWTH ASPIRATIONS.

Toastique

FOUNDED: 2018 ★ APPEARANCE ON 40/40 LIST: 2024



BRIANNA KEEFE



Since opening its first location in Washington, D.C., in 2018, Toastique has grown into a health-focused dining destination that combines fresh, responsibly sourced ingredients with a commitment to community and wellness. For founder Brianna Keefe, the brand’s success stems from its ability to

resonate with customers seeking balance in their busy lives. But beyond the food, Toastique’s ethos centers on creating a meaningful experience that prioritizes health and culinary creativity.

Keefe’s vision has guided Toastique through its evolution, but scaling a health-conscious brand has come with some chal-

lenges. Navigating the complexities of the supply chain, particularly during the pandemic, tested the company's flexibility. By fostering strong relationships with local suppliers and small businesses, Toastique developed proprietary items like custom espresso blends and signature granola, which allow the brand to maintain consistency and quality.

This thoughtful approach to growth extends to Toastique's franchise strategy, which focuses on pairing experienced operators with prime locations in health-conscious communities.

"We seek franchisees who share our passion for health and wellness, have a strong entrepreneurial spirit, and are not only business-savvy but also deeply aligned with our brand values," Keefe says. "We look for owner-operators who are eager to engage with their communities, understand their local market, uphold our quality standards, and are deeply committed to providing an exceptional customer experience.

It's not just about financial investment—it's about finding people who believe in what Toastique stands for and want to grow with us for many years to come."

Staying true to its roots, Toastique has retained its core pillars: fresh, high-quality ingredients, visually stunning menu items, and a welcoming atmosphere that fosters connection. These principles have proven to be especially relevant in the post-pandemic dining landscape, where consumers are increasingly intentional about their health and convenience.

Toastique has adapted to these shifting priorities with several innovations, including an enhanced digital presence, expanded delivery and online ordering, and a loyalty app to reward repeat customers. The brand also leans into wellness trends with menu offerings tailored to dietary preferences, such as gluten-free, plant-based, and high-protein options. One standout addition is its line of Wellness Shots,



TOASTIQUE

One key partnership driving Toastique's innovation is with Lineage Coffee Roasting, which supplies the brand's custom house blend. By sourcing beans directly from farmers, Lineage ensures both superior quality and fair trade practices, reflecting Toastique's dedication to ethical and sustainable operations.

Looking ahead, Toastique's goals remain ambitious yet grounded. The brand plans to expand into new markets, partner with like-minded franchisees, and solidify its position as a lifestyle brand that combines juice bar, café, and coffee shop experiences.

"Our commitment to sourcing fresh, responsibly sourced ingredients, creating beautiful and nourishing menu items, and fostering a welcoming, community-oriented atmosphere has never wavered," Keefe says. "While we've grown and innovated in many areas, these core pillars remain at the heart of everything we do."

developed in response to customer demand for health-boosting ingredients like ginger and turmeric.

Beyond the menu, Toastique has embraced operational advancements to ensure consistency and scalability. The introduction of learning management system (LMS) training portals provides franchisees and staff with engaging video modules and quizzes to maintain a unified guest experience. Additionally, a collaboration with Paytronix's Strategy & Analytics team has helped refine the brand's loyalty program, enhancing long-term customer engagement.

Huey Magoo's

FOUNDED: 2004 ★ APPEARANCE ON 40/40 LIST: 2022

When Huey Magoo's was featured in 2022, a couple of years into pandemic-era life, the brand had just opened store No. 20 and touted 200 franchises sold. There was a lot of growth in the pipeline for president and CEO Andy Howard, a former Wingstop vet who saw the global brand expand from about 80 stores to north of 600 during his 10-year tenure. Howard, "The Chicken Expert," began his career around the bird at Kenny Rogers Roasters before heading to chicken breast-focused Ranch One ahead



HUEY MAGGO'S

of Wingstop. He then acquired a majority stake in 2004-founded Huey Magoo's in 2016. So he's had a hand in every poultry category

(Huey Magoo's promotes itself as the "Filet Mignon Of Chicken" thanks to its focus on tenders).

And since, he's made signifi-

cant ground on those projections as the brand evolved into one of quick-service's fastest-growers. It opened its 70th restaurant in November in Greenwood, South Carolina, and should eclipse 100 by year-end 2025—debuting 30 stores in the next year, which would be a brand record. Huey Magoo's is now in 12 states, with north of 260 restaurants in different stages of development through 15 markets. Put plainly, Huey Magoo's has become a nationwide restaurant concept. Systemwide revenue for 2024, headed toward the end of the calendar, was tracking at about \$135 million. On the doorstep of 2026, Howard expects to earn nearly \$200 million.

Howard says those 260 locations should open in the next four to six years, and more are coming. There are currently multiple units

through Florida, Georgia, Mississippi, Alabama, Tennessee, Ohio, North Carolina, South Carolina, Missouri, West Virginia, Kentucky, and Las Vegas. Texas, Arizona, Virginia, and others are on deck.

“We know competition is enormous, but we also know we are in the most exciting category—chicken—in all the restaurant industry—and boneless, which has grown and grown and grown,” Howard says. “Whether we thank competitors for it, everyone loves chicken tenders. From age 5 to 80, the demographic is broader than anybody. Chicken is outselling beef. We



have evolved in our various prototypes from inline and endcap to freestanding, drive-thru and nontraditional like college campuses, hotels, airports, and sports partnerships, which is such an exciting way to develop Huey Magoo’s.”

Howard expects the brand to continue to carve a niche given its commitment to the “Filet Mignon of Chicken” label noted earlier—a tagline that refers to the brand serving the “true tenderloin.”

“And we know everyone doesn’t do that,” Howard adds. It’s all about quality and flavor profiles at Huey Magoo’s that you can’t get anywhere else. “We also have great, quality franchisees, who come from other brands and are real estate and operations experts, which is a critical piece. Plus, we’ve grown our corporate team with more professionals in every position, and we are continuing to always evolve.”



MARLIN PARTNERS AND TRIVE CAPITAL BOUGHT A MAJORITY STAKE IN MO' BETTAHS LAST YEAR.

Mo' Bettahs

FOUNDED: 2008 ★ APPEARANCE ON 40/40 LIST: 2021

When Mo' Bettahs made *QSR* magazine's 40/40 list, it had 18 locations. Now, the brand has more than tripled that number and grown across seven states.

The concept was founded in 2008 by brothers Kimo and Kalani Mack, who grew up on the island of O’ahu and sought to share the real Hawai’i culture with the world. “At its heart, Mo’ Bettahs is all about bringing the spirit of aloha and the connection of ‘ohana (family) from our founders’ backyard to

our customers,” says Rob Ertmann, who joined as president in 2021 and was elevated to CEO in September 2022.

“When customers walk into our stores, they can expect an immersive experience that honors our founders’ upbringing on the island of O’ahu. Features like tin-roof sheds that mimic our founders’ home, the Hawaiian flag, and surfboards that have all touched Hawaiian waters are incorporated into every location. Additionally,

we’ve established our niche in the market with a flavorful but streamlined menu that reflects the classic plate lunches our founders grew up with,” he adds.

Savory Fund acquired Mo’ Bettahs in 2017 and helped grow it from six locations to 56. In October 2024, ownership swapped hands when private equity firms Blue Marlin Partners and Trive Capital purchased a majority stake, with the Mack brothers still retaining minority ownership. “Mo’ Bettahs is—and always will be—one of my favorite investments we’ve ever made because of the people,” Andrew Smith, managing director of Savory, said in a statement.

“We love the culture that Kimo and Kalani Mack created 16 years ago, we love the food that they share as if you are in their own backyard in Hawaii, and we couldn’t be prouder of the partner-



has reached nearly 500,000 members. Same-store sales have grown positively as well. “In the past three years, we have continued to grow and sustain momentum, sharing ‘ono grindz in many new communities,” Ertmann says. “We have prioritized engaging customers with quality food, resulting in positive same-store sales growth for the entirety of the brand’s history. Having the right leaders in place has been key to our success, adding a chief financial officer in March of 2024 and promoting our very own John Konyyn from director to VP to chief operations officer.”

The brand’s growth strategy, Ertmann says, is to expand in a sustainable and productive way, which includes opening about 15 new stores in 2025 within existing markets and strengthening those foundational areas while looking at new territories for the coming years. “Our home state of Utah has been incredible, supporting our brand and allowing us to open 29 restaurants here,” Ertmann notes. “Communities in our other markets have welcomed and embraced us as well. We will continue spreading the aloha spirit in 2025 with plans to further expand in Idaho, Texas, Nevada, and Utah.”

In addition to opening new locations, the key drivers of success for Mo’ Bettahs will be driving menu innovation by launching new limited-time offerings in the coming months; focusing on delivering consistent, high-quality experiences both in-store and off-premises; and continuing to build operational excellence.

“Our goal is to make sure wherever you are in our existing markets, you are never far from a Mo’ Bettahs,” Ertmann adds. “We look forward to the opportunity to bring authentic Hawaiian style food to new communities over the upcoming years ... Embracing our core values, such as ‘Pono,’ meaning honesty and balance, will guide and drive us into our next phase.”



ROB ERTMANN



ship we’ve formed.”

Over the last three years, Mo Bettahs’ revenue has grown 178 percent, and its loyalty subscriber base

Jeni’s Splendid Ice Creams

FOUNDED: 2002 ★ APPEARANCE ON 40/40 LIST: 2020

To say Jeni’s has grown exponentially since its 2020 inclusion would be a gallon-sized understatement. Revenue has more than doubled. The company has expanded its scoop shop presence from 49 units to 88 (year-end 2024). Wholesale revenue has also lifted more than 2X in the last four years, including the addition of 2,000-plus new doors in each of the past

three years. “We see tremendous wholesale growth potential in the novelty space,” adds Stacy Peterson, who took over the CEO role in late 2022 after serving as chief revenue officer at Wingstop. “We launched ice cream sandwiches in late 2023—and will launch J-Bars, our first line of stick novelties—in retailers in Q1 2025.” Peterson says the novelty category, in the U.S. food



JENI'S SPLENDID ICE CREAMS: MAXMILLIUS

sector, represents twice the revenue opportunity compared to pint. It's why many retailers are creating freezer space to clear the way for more (key retailers are expected to increase shelf space for novelties by 20 percent in the next decade), making Jeni's line of sandwiches "particularly exciting."

Jeni's evolution in the past few years paints an expansion strategy that covers all channels of business, from shops to retail to grocery. The wholesale arm of the company has posted double-digit growth for the last five years. Yet Peterson feels there's still significant opportunity to grow brand awareness and household penetration. Jeni's pints today are available in roughly 13,000 locations, covering nearly all national and regional grocery retails. With the scoop shops in particular, Peterson says there's runway for greenfield growth and market penetration in areas where Jeni's already has a presence. "Our

strategy has been to build awareness by investing in scoop shops and then layering in the grocery business," she explains.

Overall, the frozen dessert market is forecasted to expand by nearly 6 percent over the coming five years. Jeni's believes it's poised to grab a larger share as that happens, especially in the super-premium category. "Beyond changes in macroeconomic conditions, ice cream consumers continue to seek out high-quality ingredients, innovative flavors, and responsible sourcing. These attributes are fundamental to who we are as a company and we believe our year-round commitment to creativity and flavor innovation position us well for future success," Peterson says.

As these categories, from premium to novelty, continue to grow, Jeni's will remain true to its DNA as a flavor innovator. The brand introduced nearly 20 new options

in 2024, which was three times what it did the year before. This included offerings guests had never seen before. Some creative examples included Punk Stargonaut, a line of ice creams inspired by a fictional flight through the galaxy, and unexpected collaborations with like-minded brands that care about community in the same way Jeni's does, such as The Hundreds. "We'll continue to offer new and exciting flavors, collaborations, and more in 2025," Peterson says. "To excel, we have to keep find-

ing ways to connect authentically with our customers and continue to build a community of super fans. They've always been our strongest marketing arm. This is why we will continue to make big investments in innovation and see those investments flow through our channels sequentially like a fashion house.

"A new luxury purse may hit branded stores first, then elite retailers, then move to outlet stores, for example," she adds. "We will progress flavor through our channels similarly which also gives us a lot of confidence that the flavors we move into grocery are true winners that have been tested thoroughly in our shops both qualitatively and quantitatively. Moving in this way means that, even with our rapid growth, we're never losing sight of the core of who we are—making better ice cream and bringing people together. Ultimately, we exist to bring people joy through amazing ice cream."



JENI'S ICE CREAMS INTRODUCED NEARLY 20 NEW FLAVORS IN 2024.



Swig

FOUNDED: 2010 ★ APPEARANCE ON 40/40 LIST: 2019

Swig has become a bona fide reality TV star since it first appeared on *QSR magazine's* 40/40 list in 2019. The brand, known for its signature “dirty sodas”—soft drinks mixed with cream and flavored syrups—has seen a surge in

brand awareness and recognition, thanks to its role in Hulu’s breakout series “The Secret Lives of Mormon Wives,” which debuted last fall. Cast members are seen indulging in Swig’s signature drinks, which have deep roots in Mormon communities, where coffee and alcohol are off-limits.

As the trend enters the mainstream spotlight, Swig is poised to capitalize on its growing popularity with plans to scale nationwide.

“The opportunity for Swig is easily as big as coffee has been for Starbucks and all of the other coffee concepts—it’s just that nobody’s done it for soft drinks yet,” says CEO Alex Dunn. “We’re still in the early innings of introducing the consumer to that kind of experience and that kind of customization.”

Founded in Utah in 2010, Swig quickly garnered a loyal following

by offering a tempting substitute for potential vices, becoming a go-to spot for those looking for a unique indulgence. A key moment came in 2017 when Savory Fund acquired a majority stake in the business. This partnership enabled Swig to expand methodically, growing its footprint to 40 locations within five years. The Larry H. Miller Company (LHM) took a majority ownership position in 2022 through a significant investment, with Savory Fund remaining an equity and operational partner. Dunn, a managing partner at LHM, stepped in as CEO last year.

The response was immediate when Swig launched its franchising program in early 2023. In just two months, the chain sold 400 franchise units across 15 states, with the first franchised locations opening later that year. Since then, the brand has focused on building a robust franchise infrastructure to ensure consistent operations and a strong customer experience as it expands into new markets.

Swig kicked off 2024 with 61 stores spread across six states: Utah, Arizona, Texas, Idaho, Oklahoma, and Arkansas. It added eight states last year, including Kansas, Tennessee, Indiana, Florida, Missouri, Kentucky, Nevada, and Georgia. Now, it is entering 2025 with just over 100 locations, roughly half of which are corporate-owned and half of which are franchised. Unit growth in 2025 is expected to follow a similar trajectory to 2024.

Looking further ahead, Dunn has a goal to open 1,000 new stores over the next six to seven years. Franchising will be key to this growth, with Swig’s name recognition and brand visibility far outpacing its current unit count.

“We’re punching way above our weight in terms of brand awareness,” Dunn says. “That’s a pretty enviable position to be in. Most of the time, you’re trying to create that awareness so your brand can grow.”

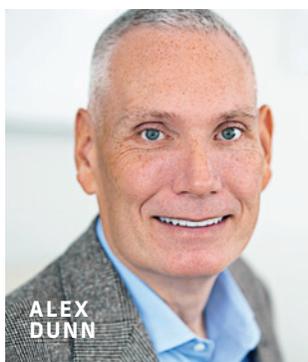
Founded on Hawaii’s Big Island in 1989, the company has built a loyal following with its premium Hawaiian brews “with a kick.” Franchising took off in 1995, but the brand struggled after the 2008 recession due to weak leadership and franchisee support, says CEO Scott Snyder.

Snyder, who began consulting for the brand in 2017, saw untapped potential in its bold name and quality product. Two years later, he led its acquisition by Royal Aloha Coffee Company.

Bad Ass Coffee underwent a full-scale transformation under the new ownership, modernizing its logo, store designs, and packaging to highlight its Hawaiian roots. Investments in marketing, operations, and technology aimed to boost franchisee profitability, while a partnership with Denver-based Food & Drink Resources brought fresh, Hawaiian-inspired items to the menu.

The chain returned to unit growth in 2022, opening six new locations, an achievement it repeated in 2023. It entered 2024 with 33 units and added eight more throughout the year. A partnership with Red Advocacy proved pivotal to that growth, helping the company secure prime real estate in a competitive market, enhance site evaluations and construction processes, and streamline the transition from franchise sales to store openings.

“Their key contribution was in identifying and securing viable sites early in the process,” Snyder says. “This partnership, along with the launch of our first-ever back-office system and a revamped franchisee onboarding curriculum, has enabled us to forecast store growth with greater precision. We’ve also



ALEX DUNN



SWIG WANTS TO OPEN 1,000 STORES IN THE NEXT SIX TO SEVEN YEARS.

SWIG

BAD ASS COFFEE OF HAWAII HELD ITS INAUGURAL FRANCHISE CONVENTION IN OCTOBER.

The 40/40 List, Final Edition

Bad Ass Coffee of Hawaii

FOUNDED: 1989 ★ APPEARANCE ON 40/40 LIST: 2023



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BAD ASS COFFEE OF HAWAII | SILVIA WALKER

equipped our new franchisees with stronger tools and technology to ensure their success from day one.”

Bad Ass Coffee hosted its inaugural franchise convention in October 2024.

Snyder says this milestone, with over 150 attendees, exhibitors, and speakers, allowed franchisees to “finally put faces to the voices they’ve heard over countless conference calls.”

Looking ahead, the company plans to launch a new customer loyalty and online ordering platform this year, complete with advanced targeting and marketing data capabilities. It also will continue growing its menu and innovating with its retail coffee offerings, introducing new SKUs, packaging, and consumable formats.

With a strengthened franchise system and streamlined real estate

process, Snyder says Bad Ass Coffee is preparing for a breakout year in 2025. Over 20 new store openings are already in progress, with a continued focus on the Southeast, Central East Coast, Texas, and Southwest regions. A late-year agreement to open a store in a Wisconsin travel center marked an important step into nontraditional spaces, hinting at broader growth opportunities ahead. A national presence is the overall objective.

“The future is full of exciting possibilities,” Snyder says. “We’ve made significant investments in our infrastructure, training, and development to support the opening of hundreds of new stores in the coming years. The momentum we built in 2024—especially in terms of new systems, training content, and upcoming technology—sets us up for even more growth in 2025.”