

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 2/11/2010

GAIN Report Number: CS1001

Costa Rica

Post: San Jose

DOMINO'S PIZZA CLOSING AND OPENING AGAIN IN COSTA RICA

Report Categories:

HRI Food Service Sector

Approved By:

Justina Torry, Agricultural Attaché

Prepared By:

Ileana Ramírez, Ag. Marketing Specialist

Report Highlights:

Domino's competes in Costa Rica with Pizza Hut, the largest pizza franchise with 48 restaurants, Papa John's with 12 restaurants and other smaller lesser known pizza franchises.

Executive Summary:

Domino's Pizza opened in Costa Rica in 1997 and its last owner was the Mexican Group Mozzarella (BGM). The group unexpectedly decided in February 2009 to remove all equipment from the nine restaurants in Costa Rica after announcing that the company had losses approximately \$2 million. Domino's Costa Rica restaurants were located in different cities of the Central Valley. In 2009, in response to the economic crisis that affected the world, all 9 stores in Costa Rica were closed.

Ironically, this franchise will be opening in Costa Rica again. The headquarters in Michigan sold the franchise to Mr. Jorge Alcázar, owner of Restaurantes As de Oros a local fried chicken restaurant, chain. Mr. Alcázar will open two Domino's restaurants in Costa Rica, one in the West and one in the East side of San José. This time, in addition to the express service, Domino's will have between 50-75 seats per restaurant.

The new owner indicated that Domino's Pizza in Brazil and Mexico also run a restaurant service and have had excellent results.

Domino's competes in Costa Rica with Pizza Hut, the largest pizza franchise with 48 restaurants, Papa John's with 12 restaurants and other smaller lesser known pizza franchises.

In an article that appeared in the November edition of La Nación newspaper, the General Director of Pizza Hut mentioned that Domino's is an expert in express service, but its experience regarding restaurant service is limited and that it will be difficult for Domino's to overcome its bad image due to multiple openings and closings of its restaurants in Costa Rica.

¿Chicken with pizza?

Jorge Alcázar, (41) has been in the fast food business for 15 years. In 2005 he bought the chain Restaurantes As de Oros in Costa Rica and since then, he has been trying to remodel and reposition the brand in the market. At present, he owns 26 restaurants and one more opened its doors in La Uruca in the middle of January.

Mr. Alcázar, is clear that pizza and chicken do not necessarily go together; and therefore, the restaurants will be separated, as will be the Operation and Marketing Departments. Since each of the franchises focus on different market segments. The Accounting, Express service, and Information Technologies Departments will work for both franchises.

