

Restaurant Research's Benchmark Analysis Report

Denny's

3/5/09

Executive Summary

Denny's remains focused on providing abundant value breakfasts during all day parts with an increased emphasis on late night sales, more portable menu items and take-out. In a long awaited answer to declining guest counts for 11 of the last 13 years, the company hired a new ad agency in January 2009 and stepped-up product development efforts around its core focus as it seeks to reposition itself around "real breakfasts". The new agency is intended to add a west coast marketing flair to help overcome the struggles of this leading family segment player which must keep-up in a world of low priced, often comparable quality QSR breakfast offerings that can better appeal to today's price sensitive, time starved consumers. Further, we note that Denny's management has done a decent job of tweaking sales mix to help offset margin pressure caused by lower sales and higher input prices. Additionally, brand leadership appears committed to implementing badly needed and long overdue operational improvements which are also required in today's hyper-competitive environment. We are cautiously optimistic about Denny's initiatives (despite prospects for negative sales and traffic throughout 2009) as the brand leadership's steadfast efforts to find a new way in the realities of today's family segment look to finally catch traction over the long-term.

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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.

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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 in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-405-1901.