

Landry's Restaurants—Packaging the Brands*

This case provides an assessment of the overall packaging of the brands owned by Landry's Restaurants, Inc. It examines how well the brand packaging matches the product/service offerings from a positioning perspective.

Landry's Restaurants offers a variety of different concepts that range from theme restaurants such as Rainforest Cafe to restaurants specializing in seafood such as Landry's Seafood House. Restaurants related to the brand are:

- **Landry's Seafood House:** Offers seafood with a light, lively, and informal atmosphere. It features an array of recipes that include fresh local seafood selections. The atmosphere depicts the pleasantries of the past common to the Gulf Coast.
- **Crab House Seafood Restaurant:** First opened in Miami in 1975, offering high-quality fresh seafood served in a casual, spirited atmosphere with a casual decor that is inviting and fun.
- **Joe's Crab Shack:** A great shack full of tasty crustaceans prepared all sorts of delicious ways. It is described as a simple, fun-filled dining experience.
- **Kemah Boardwalk:** A family get-away entertainment area just 20 miles from downtown Houston. It has quickly evolved from a waterfront dining experience to a weekend destination.
- **Willie G's Seafood and Steak House:** Known for serving fresh seafood specialties and recognized nationally as one of the top upscale seafood restaurants. Since opening in 1980, it has established itself as a favorite among the local business crowd, area residents, and travelers, offering a multitude of choices for all guests.
- **Cadillac Bar:** Offers authentic Mexican food and is renowned for its margaritas and lively music, all served in a fun, casual atmosphere. The extensive menu includes old favorites like traditional enchiladas, nachos, and tacos, but specializes in unique dishes found only at the Cadillac Bar.
- **Rainforest Cafe:** A unique place to shop and eat, where the concept is an adventure through a realistic indoor rain forest. Lush surroundings, cascading waterfalls, and beautiful giant aquariums are combined with good food, providing a unique atmosphere.
- **C.A. Muer Restaurants:** Offering fine food, service, and entertainment in a more formal atmosphere.

*Information derived from www.landryseafood.com.

- Chart House Restaurants
- Saltgrass Steak House

History

In 1986, Chairman, President, and CEO Tilman Fertitta bought an interest in the Landry's Seafood House, which opened in 1980, and Willie G's Seafood and Steak House, which opened a year later. Then in 1988, he acquired sole ownership of the company and developed a recognized seafood chain with four distinct concepts. At a time when steakhouses and Italian restaurants were popular, Fertitta felt the seafood restaurant business was untapped and decided to expand, envisioning his high-energy, full-service, casual dining seafood concept throughout the United States. No one since Red Lobster had the foresight to operate a national seafood restaurant chain.

When banks were failing and refusing to negotiate, credit lines were resorting to depletion of all net worth, and businesses were struggling to pay creditors, Fertitta overcame adversity and continued to believe in his product and his dream of expansion. He began in his hometown, Galveston, before branching out in San Antonio, Corpus Christi, Austin, and Dallas. In 5 years, the company grew from 2 to 11 restaurants.

In 1993, Fertitta took the company public, a decision many would consider risky, since 95 percent of restaurant startups fail. However, Fertitta parlayed his cash flow from one restaurant into more, with all earnings invested into company development. Landry's Restaurants, Inc., had become the second largest casual seafood restaurant chain in America. The company continues to expand, aspiring to build a \$1 billion restaurant/hospitality company.

Since Fertitta became chairman of the board, president, CEO, and largest shareholder of the company, Landry's Restaurants has grown tremendously, expanding to 150 restaurants in 26 states.

The company was listed fifth on *Forbes* magazine's list of "200 Best Small Companies in America" in 1994, 11th in 1995, and 63rd in 1996. *Business Week* listed Landry's among the "Top 100 Companies for Growth" two consecutive years, while *Restaurants and Institutions* magazine cited it as "One of 1995's Top Growth Companies." *Restaurant Business* listed Landry's as number four of the top 50 restaurant chains based on corporate profit margins.

Landry's is the only restaurant company in the country that has two concepts named as "Hot Concepts" by *Nation's Restaurant News*, citing Landry's as one of nine "Hot Restaurant Concepts of the Nineties" and Joe's Crab Shack as one of eight "Hot Concepts of 1996."

In 1996, the company acquired the 17-unit Crab House Seafood Restaurants, which originated in Miami in 1976.

In 1997, Landry's acquired the Kemah Boardwalk, to create one of the most exciting showplace boardwalks in the United States—an entertainment complex of attractions, restaurants, and retail shops—that it hopes will triple the number of visitors to the area to more than 3 million. In 1998, Landry's

bought casual dining Mexican restaurant Cadillac Bar to add a new unit to the Kemah Boardwalk. A series of four tropical storms affected the company's restaurants in May through October of this year. The year 1999 was the official opening of the Kemah Boardwalk, where Landry's planned to open approximately 12 new units and increase focus on existing restaurants.

Later acquisitions for the group were the Rainforest Cafe (2001), a theme restaurant with a focus on environmental protection and awareness, and the C.A. Muer Restaurants (2002) that brought upscale service, entertainment, and quality food to its customers. In 2002, Landry's acquired Chart House Restaurants (35 units) and Saltgrass Steak House (27 units). The company now operates over 275 restaurants across the country.

Brand Characteristics (Packaging) and Awareness

Landry's Restaurants offers different concepts that reach different publics, tastes, and budgets, although most restaurants of the group focus on the seafood segment which facilitates association within the brand.

Another characteristic that makes the company brand strong, besides the exposure due to strategic locations (e.g., the waterfront in Kemah, Texas), is that most of the restaurants have bright colors, cartoon-style logos, and neon movie-style marquees. Some of the restaurants use characters—Joe's Crab Shack uses a pirate; the Rainforest Cafe uses animals. These techniques are used to cause impact and convey the image of a fun and entertaining place. The company's customers want to be part of the Landry's experience and use a brand they trust.

When asked about Landry's, people immediately associate the brand with a fun seafood restaurant. This brand awareness was developed through the years and is the result of full integration of the quality product, training, customer service, and advertising. These are some of the major factors that determined its success in restaurant management and are consistent in all the restaurants of the group. When people go to any of the Landry's restaurants they expect to find good service, tasty food, and a fun experience.

Brand Positioning

Landry's Restaurants' positioning is to be a leader in the casual seafood restaurant category. The company believes not only that it is well positioned to take advantage of the current consumer trends, but that it may actually be responsible for the increased emphasis on the "whole" dining experience (eat and have fun at the same time).

The company is investing in new segments like theme restaurants and bars to diversify the business and reach other target customers.

Another important issue is the maintenance of its market share. This is a time- and cash-consuming process, because restaurant management has to be alert to competitors entering its share of the market, to changes in consumer

habits, and to needs that might drive them to their competitors. This is why constant investment in renovation, new concepts, and advertising is done.

Landry's overall packaging illustrates a good match to its service concept and desired image. Landry's philosophy, management strategies, and brand execution have resulted in a profitable and growing restaurant company.

Case Discussion Questions

1. Unlike many multiple-restaurant owners that place their name/brand on all their restaurants, Landry's has opted in many cases to use individual names on its restaurants. Do you believe this is a good practice or bad strategy, and why?
2. Landry's believes in placing its restaurants within a high-activity area (e.g., boardwalks, entertainment complexes, malls, etc.). What do you believe are the benefits of this strategy?