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Chains, local shops looking to cash in on demand for frozen yogurt

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By Nancy Crotti

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Chilly Billy's co-owner Bill Marker runs a frozen yogurt shop on the first floor of Sydney Hall at 314 15th Ave. S.E. in Minneapolis. "We're busy every night, and we've got people walking from the Stone Arch Bridge area," Marker says. (Staff photo: Bill Klotz)

Frozen yogurt: It's not from the 1980s anymore. Six years after Los Angeles police issued parking tickets to customers queued up outside the first Pinkberry frozen yogurt shop, similar shops are swirling into Minnesota.

The Mall of America offers [Freeziac](#), two locations of [Freshens](#) and [Yogen Fruz](#), all dedicated frozen yogurt chains. Swensen's, Healthy Express and Haagen-Dazs also serve frozen yogurt at the Bloomington megamall, says MOA spokeswoman Sarah Schmidt.

National self-serve chain CherryBerry recently opened a shop in St. Cloud, and the company's website promises eight more in Minnesota. And Menchie's recently opened its first Minnesota location in St. Paul's Highland Park.

So why are chains and mom-and-pop shops trying to scoop up more business in Minnesota? Two local shop owners said yogurt's health benefits appeal to Minnesota's health-conscious population, while national experts said the trend toward self-serve shops, with their plentiful flavors and toppings, is just plain fun.

Dannon, the refrigerated yogurt giant, recently bought YoCream International, a major supplier to frozen yogurt shops. "I think it's the general health aura and the fact that it's a dessert that does have some meaningful nutrients," said Dannon spokesman Michael Neuwirth. "It's an affordable, better-for-you treat."

And it's a big business. The approximately 6,800 frozen yogurt shops across the United States rang up \$2.5 billion in sales in 2011, an average volume of \$363,000 apiece, said Samuel Nahmias, chief operating officer of New York-based StudyLogic, a food industry market research firm. The shops accounted for 30 percent of the \$8.7 billion in frozen yogurt sales in the nation last year, Nahmias said.

The Freeziac chain has shops in Eden Prairie and Plymouth and near Minneapolis' Lake Calhoun. Another recent Lake Calhoun addition is Yogurt Lab, a health-conscious company that opened Dec. 20 at 3100 Excelsior Blvd. in Minneapolis. The owners are already looking at six other sites for shops, said part-owner Aaron Switz.

Finding good locations has been "reasonably challenging," Switz said, and will likely become more difficult "because it's so seasonal and because we do most of the business between 3 and 9 at night. You want to make sure you are in an area that has a lot of people at night."

Yogurt Lab occupies 1,300 square feet in a new shopping center, which was developed by Nolan Properties of Wayzata to replace the former Boulevard Gardens floral shop. Although Switz wouldn't reveal his rent, he said his search for other sites is yielding quotes from \$3,000 to \$5,000 per month.

Switz hopes to capture the interest of health-conscious Twin Cities consumers with organic yogurt and unusual toppings such as flaxseed, olive oil and blueberry balsamic vinegar. The industry touts the nutritional benefits of yogurt, including its low fat content and active probiotic cultures to aid digestion.

"It's distinctly not an ice cream," said Jane Magaro, editor of [Franchisehelp.com](#), which offers information on yogurt franchises. "It's got that tart flavor. It lends itself to the sweet toppings." Startup costs of \$100,000 to \$500,000 are not stopping people from opening franchises, Magaro said. "I think it's going to be big everywhere. And it's absolutely not saturated," she said of the market. "It's kind of exploding. I'm sure the number (of shops) changes day by day."

Even the [National Yogurt Association](#) in McLean, Va., hasn't been able to get a handle on all the new shops, which mostly target women and children, said Elise Cortina, executive director. Cortina believes that the fun aspect has helped propel the spread of self-serve frozen yogurt shops from California to the South and East. "You're creating a personalized mix," she said.

More mom-and-pop yogurt shops have entered the local fray. Tutti Frutti opened in September at 7781 Main St., Maple Grove. [FreeStyle Yogurt](#) opened Jan. 16 at 500 Lexington Parkway S. in St. Paul. [Chilly Billy's Frozen Yogurt](#) opened last April on the first floor of Sydney Hall, an apartment building at 15th and University avenues, adjacent to the University of Minnesota's Minneapolis campus.

Bill Marker, who owns Chilly Billy's with his wife, Amy, said a visit to a frozen yogurt shop in Scottsdale, Ariz., intrigued him.

"I came home and said to my wife, 'Wouldn't it be fun to do?' Except we didn't have any money," recalled Marker, a former food company sales representative. "My mom and stepdad ended up helping us finance it."

Marker scouted locations for six months. He and Amy attended "YoCream University," put on by YoCream in Portland, Ore., to learn about the product and how to start the business. The Bloomington-based Doran Cos., which renovated Sydney Hall in 2010, did the build-out on the space, which the Markers subleased from Wells Fargo Bank. Marker declined to reveal his rent.

"We're busy every night, and we've got people walking from the Stone Arch Bridge area," Marker said. "It's a destination; it's somewhere to cool off; it's fun."

Wisconsin native David Brandner, who worked in restaurant market research in Dallas, was introduced to frozen yogurt by a former girlfriend. He noticed shops opening in Dallas, and, wanting to move closer to family, leased 1,452 square feet near Trader Joe's in St. Paul for his shop, FreeStyle Yogurt.

The health consciousness of Twin Cities' residents drew Brandner as well as Fargo, N.D.-based Holland Enterprises, a refrigerated trucking company that is bringing nine CherryBerry shops to Minnesota. Shops are under construction in Shakopee, Brooklyn Park and Woodbury, and under lease in Burnsville, Maple Grove and Baxter, said Dan Nelson, CherryBerry district manager. The shops will range in size from 1,500 to 2,600 square feet, and most will be in strip malls near schools and athletic complexes.

"We like to cater to families and sports teams," Nelson said. "That allows us to have party rooms for most locations."

Magaro of Franchisehelp.com thinks frozen yogurt shops are the new, inexpensive gathering spot. "They always make the atmosphere kind of cheerful, and people hang out," she said. "It's kind of like a coffee shop."

Chilly Billy's Frozen Yogurt

Ownership: private

Location: 314 15th Ave. S.E., Minneapolis

Website: chillybilysfrozenyogurt.com

Size of facility: 1,500 square feet

CEO/owners: Bill and Amy Marker

Latest annual revenue: N/A

Employees: 15

Projected hiring: more expected in March

What's next: succeed with the first store and consider opening another in a few years

FreeStyle Enterprises LLC, dba FreeStyle Yogurt

Ownership: private

Location: 500 Lexington Parkway S., St. Paul

Website: freestyleyogurt.com

Size of facility: 1,452 square feet

CEO/owner: David Brandner

Latest annual revenue: N/A

Employees: 10

Projected hiring: potential seasonal summer additions

What's next: possible franchising



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