

Frozen yogurt chain's breakfast twist

Bruce Horowitz , USA TODAY 6:03 p.m. EST February 12, 2015

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For most of the day, it's a frozen yogurt joint.

But beginning next Wednesday, from 8 am until 12 noon, the 16 Handles store in New York City's Chelsea district will transform into something a bit less conventional that has the rest of the industry watching with keen interest: a self-serve, cold yogurt breakfast chain.



Out go the frozen yogurt containers. In come the refrigerated, Greek yogurt bins. Out go the M&Ms and Gummy Bear toppings. In come the granola clusters, hot oatmeal and golden raisins.

Then, back to frozen yogurt from mid-afternoon until closing.

It's a new spin on breakfast -- and, more importantly, a twist that could help customer-hungry frozen yogurt chains survive in a highly-competitive market. That's why Solomon Choi, 34-year-old founder of the 43-unit 16 Handles chain, says he plans to add this breakfast format to all of his frozen yogurt stores in six states over the next year.

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"I call it fro-yo fatigue," says Choi, in a phone interview. "We realized that just relying on frozen yogurt -- which only addresses one part of the day -- would be a very difficult thing."

So, in concept, what this relatively small chain is testing could impact a much broader industry. After years of growth, the \$1.6 billion frozen yogurt industry may have hit a wall. Just the top 10 chains, alone, have about 4,300 stores, estimates the International Frozen Yogurt Association. But the research firm IBISWorld projects the number of total stores will start to shrink this year as the market saturates, and the little guys struggle for survival.

Choi is trying to stay ahead of that curve.



"The frozen yogurt industry has been one of the most explosive in the food category," he says. But by mostly relying on folks to stop by for afternoon or evening snacks, he says, it misses out on key parts of the day: breakfast, lunch and dinner.

"We want to change the way people approach breakfast," he says. But at the same time, he notes, the chain still

wants to stick to its roots and sell the kind of things for which it's known -- in the same by-the-ounce manner. Enter: refrigerated yogurt.

Just like frozen yogurt, the cold yogurt will be sold by the ounce -- probably at about the same 59 cents per ounce now charged for frozen yogurt.

But at breakfast, the offerings to sprinkle over the cold yogurt will generally be far healthier than for frozen yogurt. Toppings for refrigerated yogurt include everything from fresh fruits (bananas, blueberries, strawberries) to granola to raw pumpkin seeds to, yes, Peanut Butter Panda Puffs.

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Besides refrigerated yogurt (Chobani plain, vanilla and strawberry), the store also will be offering hot oatmeal bowls as well as acai bowls at breakfast.

Some of the 50 toppings will overlap at breakfast and the rest of the day -- but most won't.

The way Choi figures it, his store will be competing with everyone from McDonald's to Starbucks for the breakfast dollar.

But at least one industry guru is skeptical. While this may help 16 Handles grow its business a bit, consultant Denise Lee Yohn says, "I can't imagine the mainstream consumer is going to adopt this as their new breakfast option."

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