

# Olive Garden Plans More Menu Changes, New Logo

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This image released by Darden Restaurants on Monday, March 3, 2013, shows the new "Olive Garden" logo. In a call with analysts on Monday, executives at Darden Restaurants Inc. expressed confidence they could bring about a "brand renaissance" at the Italian chain with a new look and updated menu that presented food with "a sense of flair and sophistication." (AP Photo/Darden Restaurants Inc.)

NEW YORK (AP) — Olive Garden has a plan to win back customers: a new logo and yet more menu changes.

In a call with analysts on Monday, executives at [Darden Restaurants Inc.](#) [1] expressed confidence they could bring about a "brand renaissance" at the Italian chain with a new look and updated menu that presented food with "flair and sophistication." The changes include more small dishes and the option to mix and match pastas and sauces.

Darden executives also continued to make the case for why it made sense to hold onto [Olive Garden](#) [2] and spin off or sell only Red Lobster, rather than keeping the two struggling chains together and separating them from the company's more promising specialty restaurant unit, which includes Capital Grille and Yard House.

"We certainly recognize that industry dynamics have changed considerably over past two years," CEO Clarence Otis said during the call, acknowledging the need to make drastic changes.

The remarks came as Darden Restaurants Inc. reported preliminary quarterly results that fell short of Wall Street expectations as sales continue to slide at its two flagship chains. It said sales are expected to drop 5.4 percent at Olive Garden restaurants open at least a year. At Red Lobster, the figure is expected to fall 8.8 percent.

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Customer traffic declines were even steeper, falling as much as 13 percent at Olive Garden in December and 19 percent at Red Lobster in January.

The Orlando, Fla.-based company partly blamed rough winter weather for the results. But Darden has been battling shifting industry trends for years now, with people moving away from casual dining chains where tips for waiters and waitresses push up a meal's cost. Darden has tried making numerous changes at Olive Garden and Red Lobster to better reflect today's eating habits, but the efforts have failed to take hold so far.

Barrington Capital, an activist investor that says Olive Garden and Red Lobster should be separated as a pair from Darden's smaller chains, expressed disappointment in the company's latest results.

"Darden's deteriorating financial performance and decision to continue to separate Red Lobster without pursuing opportunities to monetize its valuable real estate have caused us to lose all confidence in the ability of Clarence Otis to manage the company," the firm said in a statement.

For the three months ended Feb. 23, Darden said it expects to earn about 82 cents per share. Analysts expected a profit of \$1.02 per share, according to FactSet. In addition to the bad weather, Darden said legal, advisory and other costs related to its plan to either spin off or sell Red Lobster hurt its profit.

Meanwhile, sales for the company's specialty restaurant group are expected to be down 0.7 percent at established locations. The metric is a key measure of a retailer's health because it excludes the volatility of newly opened and closed locations.

Excluding the impact of the weather and the shift in the timing of Thanksgiving, Darden said Red Lobster stores would have posted a decline of about 6.2 percent, while Olive Garden revenue at stores open at least a year would have fallen 2.8 percent and risen 2.9 percent at LongHorn Steakhouse locations. The specialty restaurant group would have posted a 1.9 percent increase.

The company backed its previous outlook for fiscal 2014, saying that it still expects earnings per share to decline 15 percent to 20 percent, excluding restructuring costs.

Shares of Darden fell \$2.91, or 5.7 percent, to \$48.15 in afternoon trading Monday.

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[1] <http://www.foodmanufacturing.com/videos/2014/01/red-lobster-parent-struggling-stay-afloat>

[2] <https://twitter.com/olivegarden>