MICHIGAN THEATER / ZINGERMAN’S SWEET SHOP

Section 1: Company Description

MICHIGAN THEATER: The Michigan Theater Foundation is a not-for-profit organization whose mission is to operate, preserve and maintain the historic Michigan Theater for the benefit of the community and the arts. The Foundation was established in 1979 to save this 1928 era movie palace from demolition. Today, the theater is operated every day of the year with a variety of professional live-on-stage and film programs. Donated funds are raised annually to maintain the beautiful theater and support its programs.

ZINGERMAN’S: Zingerman’s is fast becoming America’s best-known Deli. Opened in March of 1982 by Paul Saginaw and Ari Weinzweig in an historic building near the Ann Arbor Farmers’ Market, the Deli got its start with a staff of two, a small selection of great-tasting specialty foods, a host of traditional Jewish dishes and a relatively short sandwich menu. Today, Zingerman’s is an Ann Arbor institution, the source of great food and great experiences for thousands of visitors every year.

Section 2: Project Description

The Michigan Theater Foundation has an opportunity to acquire by lease a 1300 square foot retail space immediately adjacent to the theater’s “concession” lobby. The current occupant, the John Leidy gift shop, is consolidating into one store. We are considering several different uses for the space, but the most promising is a joint venture with the Zingerman’s family of companies to establish a “sweet shop.” This “sweet shop” would focus on popcorn based treats but it would also sell a variety of excellent snack foods. The Michigan Theater and Zingerman’s would create, co-brand and sell gourmet popcorn, caramel corn, “fire” corn and similar popcorn based snacks, gourmet gelato (Italian style Ice Cream made by the Zingerman’s Creamery) and “Penny Candies,” plus other “movie style” candies and soft drinks, as well as Michigan Theater merchandise, postcards and possibly an array of movie/Hollywood memorabilia (posters, mugs, etc.).

The project would be to develop a market assessment/marketing plan for promoting the store and selling the popcorn treats and other items through the store, the theater (approx. 200,000 guests annually), other Zingerman’s outlets and via Zingerman’s existing direct mail catalog and online channels.
Section 3: Specific Research Questions

1. Is this proposed business a “go” or “no go”?
2. Should we consider selling other products, or are we expecting to sell too many different kinds of products out of the “shop”?
3. There are two possible, independent projects. The first concerns how we should best market the shop to the University community (students and faculty); the second asks the same question about the local Ann Arbor area community outside the University. We anticipate working with different project groups on each of these issues, so that each can focus on just one target group of consumers.
4. Would there be a regional market for such a business (could it be a destination business)?

Section 4: Any other pertinent information

- This is a serious project that will be operated as a separate business, jointly managed by the Michigan Theater and Zingerman’s.
- We estimate that the space will cost $35,000-$45,000 per year to lease.
- The space is 1300 square feet, with a full basement. It is directly connected to our basement and immediately adjacent to the Michigan Theater concessions lobby.
- The space will be available for lease beginning March 1, 2006 – but we would expect to take occupancy at some time after that date.
- The Michigan Theater has an extensive patron database that could be used for survey purposes.
- The students would have access to key Michigan Theater and Zingerman’s staff people as the project proceeds.
- The Michigan Theater operates a concession stand that does between $200,000 and $250,000 in gross sales annually.
- American Spoon Food, a specialty retail food store (now out of business) that was located in a nearby storefront had sales of $160,000 annually for gelato alone.

Section 5: Contact Information

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