

JAMBA, INC.
Form 10-K
February 12, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 3, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

Jamba, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-32552	20-2122262
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

3001 Dallas Parkway, Suite 140,

Frisco, Texas 75034,

(Address of principal executive offices)

Registrant's telephone number, including area code: (469) 294-9600

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$.001 per share The NASDAQ Stock Market LLC
Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock, \$0.001 par value per share, held by non-affiliates as of the last day of the registrant's second fiscal quarter ended June 28, 2016 was \$76,692,507 based upon the closing sales price of registrant's common stock on such date). For purposes of this disclosure, shares of common stock held by persons who held more than 5% of the outstanding shares of common stock and shares held by officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of

affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of common stock of Jamba, Inc. issued and outstanding as of February 2, 2018 was 18,447,023 and 15,588,206, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

None

JAMBA, INC.

ANNUAL REPORT ON FORM 10-K

FISCAL YEAR ENDED JANUARY 3, 2017

Form 10-K

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Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these statements by forward-looking words such as “may,” “will,” “would,” “could,” “should,” “might,” “project,” “plan,” “forecast,” “designed,” “goal,” “approximately,” “expect,” “anticipate,” “contemplate,” “believe,” “estimate,” “intend,” “plan,” or the negative of those words or words of similar meaning. Any statement that is not a historical fact, including any other estimates, projections, future trends and the outcome of events that have not yet occurred, is a forward-looking statement. Examples of such statements include references to accelerated growth, new store openings, Company Store comparable sales, expense management and the like. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other “forward-looking” information.

We believe it is important to communicate our expectations to our shareholders. However, there may be events and circumstances in the future that we are not able to accurately predict or over which we have no control. The risk factors and cautionary language discussed in this document outline examples of risks, uncertainties and events that may cause actual results to differ materially and adversely from the expectations described in the forward-looking statements, including among other things:

- our business strategy and financial performance, including our transition to an asset-light business model and relocation of our corporate headquarters and data center;
- our revenue and customer volatility based upon weather and general economic conditions;
- the operating results of our franchisees;
- fluctuations in various food and supply costs;
- competition and other risks related to the food services business;
 - our ability to retain our executive management team and key employees; and
- other factors discussed in the “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Results of Operations” portion of this annual report.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document.

All forward-looking statements included herein are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

You should be aware that the occurrence of the events described in the “Risk Factors” portion of this annual report, the documents incorporated herein and our other SEC filings could have a material adverse effect on our business, prospects, financial condition or operating results.

PART I

ITEM 1. BUSINESS

Background of Jamba, Inc.

Jamba, Inc. through its wholly-owned subsidiary, Jamba Juice Company, is a healthful, active lifestyle brand with a robust global business driven by a portfolio of franchised and company-owned Jamba Juice[®] stores and Jamba Juice Express[™] formats. The Jamba[®] brand was created by founder Kirk Perron to inspire and simplify healthy living. This mission is alive today in the more than 900 retail locations globally and in Jamba branded products. We are a leading restaurant retailer of “better-for-you” specialty beverage blends and food offerings which include flavorful, whole fruit and vegetable smoothies, fresh squeezed juices and juice blends, Energy (smoothie) Bowls, signature “boosts”, shots and a variety of food items including; hot oatmeal, breakfast wraps, sandwiches, Artisan Flatbreads, baked goods and snacks.

Jamba, Inc. was incorporated in Delaware on January 6, 2005 as a blank check company formed to serve as a vehicle for the acquisition of a then unidentified operating business. On July 6, 2005, Jamba, Inc. consummated its initial public offering. On March 10, 2006, Jamba, Inc. entered into an Agreement and Plan of Merger with Jamba Juice Company, which first began operations in 1990. The merger between Jamba, Inc. and Jamba Juice Company was completed on November 29, 2006. The Company’s headquarters were located in Emeryville, California and were relocated to Frisco, Texas in the fourth quarter of fiscal year 2016.

Unless the context otherwise requires, Jamba, Inc., the registrant, together with Jamba Juice Company, are referred to in this Form 10-K annual report (“Form 10-K”) as the “Company”, “Jamba Juice”, “Jamba”, “we”, “us” and “our.” Information regarding the Company’s fiscal periods is included in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Fiscal Year

Our fiscal year ends each year on the Tuesday closest to December 31st and therefore we have a 52 or 53 week fiscal year. Fiscal Year 2016 was a 53 week fiscal year, ended on January 3, 2017, with the fourth quarter comprised of 14 weeks. Fiscal Years 2015 and 2014, were 52 week fiscal years, ended on December 29, 2015 and December 30, 2014, respectively.

Narrative Description of Business

As of January 3, 2017, there were 909 Jamba Juice stores globally, consisting of 66 Company-owned and operated stores, all located in the United States (“Company Stores”), 773 franchisee-owned and operated stores (“Franchise Stores”) in the United States and 70 Franchise Stores in international locations (“International Stores”), collectively the (“Jamba System”). During 2015, we substantially completed the move from a primarily company-store to a franchise-business model by refranchising 179 locations. Currently, approximately 93% of our stores are owned and operated by franchisees.

Our Strategic Priorities

Fiscal year 2016 was a year of transition for the Jamba, Inc. business and brand. Dave Pace, Chief Executive Officer (“CEO”) joined the company in March 2016 and outlined a plan for transformation of the business. The plan focuses on five core strategies, amplifying the position Jamba holds as an iconic lifestyle brand and a best-in-class franchisor, which highlights the brand’s commitment to increase shareholder value. With the transition to an asset-light business model now complete, the organization focused on hiring a new leadership team with deep food service experience.

While the majority of fiscal year 2016 we executed against the existing business plan, the newly established leadership team made large strides in building the foundation needed to drive the five core strategies into the future, beginning in fiscal 2017.

The transition initiatives in fiscal 2016 included the move into our new offices in Frisco, Texas, reenergizing our franchise system and rebuilding the leadership and support teams that were affected by the move from Emeryville, California. As part of the transition, approximately 10% of our support center team members relocated to Frisco. The remaining 90% of our support center team are new to the organization, including many of the individuals on the senior leadership team. More specifically, Marie Perry, previously the interim CFO for Brinker International, joined Jamba in the second quarter as Chief Financial Officer (“CFO”). In March 2017, Joe Thornton joined Jamba as our Chief Operating Officer, and in November 2017, Claudia Schaefer joined Jamba as our Chief Marketing Officer. With the hire of Mr. Thornton and Ms. Schaefer, our Executive Team is fully in place.

The Company’s move to Frisco, Texas, a Dallas suburb, is designed to position the Company for sustainable, long-term growth and thus better serve Jamba’s franchise system and unlock emerging market growth potential. The relocation also served as a catalyst for cultural transformation. The team re-grounded their strategy in the roots of the brand and hired a support center team aligned with both the mission and core values of Jamba and with deep industry knowledge and experience. The new “Jamba Whirl’d Support Center” includes 25,000 square feet of office and collaboration space as well as a world-class test kitchen for product innovation and optimization.

With the transition complete in late 2016, the organization is focused on generating results and creating shareholder value through the transformation of Jamba. The five key strategies include:

- Build an Iconic Global Brand;
- Establish a Customer and Store-Centric Operating Environment;
- Drive Sales and Transactions through Innovation;
- Improve Store Profitability through Simplification; and
- Expand Our Global Footprint.

Build an Iconic Global Brand

During fiscal 2016, brand activities were predominately guided by the existing brand strategy. That strategy included ongoing efforts to build total brand value as we continue to position Jamba as a leading global health and wellness, lifestyle brand. With 93% of our stores now franchisee-owned, we have increased our focus on building the brand on a local level, leveraging multi-channel brand marketing tactics, including the expansion of consumer loyalty programs, the development of engaging local marketing promotions and high-performing social media communications. Local brand activation plays a critical role and we believe it will be a significant revenue and consumer traffic driver for our franchisees. By providing our franchisees with tools and technologies that target their guests through email, social media, radio and out-of-home advertising, we are helping them reach new and lapsed consumers in their immediate trade areas. In late 2016, the field marketing team was re-structured to provide additional support to franchise partners.

In late fiscal 2016, the brand strategy began a pivot in an effort to differentiate Jamba from the competitive set and engage guests through a health benefit driven message. We focused on sharing the benefits of blending with our existing, lapsed and potential guests. This shift demonstrated our intent to return to a brand strategy guided by our mission of inspiring and simplifying healthy living. Ongoing, innovative product development, will allow us to meet the needs of today’s increasingly health-conscious and time-starved consumer. The innovation team hired an on-staff nutritionist that works to establish a nutritional point of view for product offerings. We will continue to focus on product innovation offerings that expand our “healthy on the go” offerings across all parts of the day.

By leveraging technology and digital services such as text messaging, email and local social media tools, we enhance and simplify the Jamba experience for today’s socially connected, time-constrained consumers. We continue to upgrade the features of our Jamba Juice mobile application (“app”), helping customers locate stores, order ahead, speed up transactions and improve the online and in-store experience. With more than 2 million members, our Jamba Insider

Rewards (“JIR”) program provides incentives for our most loyal customers to make increased visits to Jamba stores. Through JIR, we distribute timely emails to our members informing them of new products and promotions. Increased segmentation efforts in late fiscal 2016 yielded stronger engagement with existing guests and the new digital marketing team outlined plans to elevate the consumer journey in the digital space.

We are actively engaged in the most popular social media platforms, delivering engaging content and leveraging the power of influencers to actively promote Jamba to their own followers in Facebook®, YouTube®, Pinterest® and other social media platforms. These influencers post about Jamba's nutritional benefits in an authentic voice, exponentially amplifying our own marketing communications and reaching more consumers most interested in health and wellness. We also continue to build a strong following on Facebook®, Twitter® and Instagram® with postings that receive increasing favor with Jamba fans. Our YouTube channel attracts fans and increases awareness with fun and informative videos of our high-profile influencers and celebrity athletes. Late in the year, we developed a revised social media engagement strategy focused on developing authentic and sincere relationships within our social communities.

Giving back to the community is a hallmark of the brand and service to our communities has been a consistent focus of Jamba from the Company's beginning. We continued that work in 2016. Our work in the community ladders up to our mission. We drive awareness of the need to encourage strong dietary and fitness habits in kids through our Team Up For a Healthy America program and through partnerships with the American Heart Association®, National Gardening Association and the GENYOUth Foundation. Our Jamba fundraising card helps support schools in Jamba markets across the country. Additionally, our franchise partners are actively involved in their local communities, raising awareness and providing much needed funding for organizations including Meals on Wheels, Juvenile Diabetes Research Foundation, St. Jude's, National Breast Cancer Foundation and other national and local organizations focused on making our communities healthier.

Jamba launched several marketing campaigns during the year, which are designed to drive significant traffic into our Franchise and Company Stores. We worked closely with local franchisees on numerous local promotions designed to increase trial and awareness.

Establish a Customer and Store-Centric Operating Environment

In 2016, we began to reengage and reenergize our franchise system, field and store teams. Establishing a leadership team with deep food service experience was central to this initiative and the team quickly worked to reprioritize initiatives through the lens of the franchise partners and guests.

As the newly formed leadership team outlined key priorities in each discipline, franchise operators were asked to participate in problem solving, prioritization of initiatives and sharing of best practices. By leveraging franchise operator knowledge and spending time in stores with operating partners and guests, the team has worked to quickly reduce friction in the guest experience and build trust within the franchise system. The Franchise Advisory Council ("FAC") is also leveraged to ensure the needs of the franchise system were prioritized effectively.

In 2016, Learning and Development systems were evaluated and investments have been made to improve field training by providing in-market support for large brand initiatives. Additionally, the field marketing team was restructured and goals were aligned with FAC approved success metrics. These changes will strengthen the franchisor/franchisee relationship and ensure support center team members are aligned with franchise partner needs.

Finally, after a thorough evaluation of each brand extension within the Jamba system, decisions were made to eliminate any under-performing, non-retail programs. This included an exit from Ready to Drink and Energy products in early fiscal 2016 and JambaGO® in the fourth quarter of 2016. These decisions allow the support center team to focus on the success of company and franchise retail operations.

Drive Sales and Transactions through Innovation

Our long-term growth prospects have been largely driven by our product innovation around our core offerings of smoothies, juices and bowls. In fiscal 2016, product innovation remained a high priority, but our strategy shifted to ensure future innovation efforts extend beyond product innovation and include innovation in technology, including digital marketing and refreshed operational systems.

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Our product innovation team transitioned fully late in the year and is working to establish a revised innovation pipeline focused on leveraging the core equity of the blender to unlock revenue through expansion of categories and parts of the day. The team, composed of food scientists, quality assurance specialists, nutritionists and food industry experts, is continually developing and testing new and improved menu items that support not only the integrity of the Jamba Juice brand, but our mission of inspiring and simplifying healthy living.

Beyond product innovation, a new IT and digital roadmap was outlined in late 2016. The roadmap outlines nine key projects that will serve to strengthen store operations, improve profitability and enhance the consumer journey in both the in-store and online environments. Digital transformation will begin in fiscal 2017 and will ensure Jamba remains a leader in category and will unlock revenue opportunities across multiple platforms. Improvements to our app, website, customer relationship management and digital marketing channels are central to this strategy.

Improve store profitability through simplification

With the shift to an asset-light business model, we are highly focused on improving franchisee profitability and 4-wall margins. Benefits captured in fiscal 2016 primarily resulted from supply chain efficiencies and simplification of in store product execution.

In fiscal 2016, we created a task force to identify, test and implement opportunities across all expense categories. The task force includes cross functional experts, best in system franchise operators, and operations leadership. We initially identified a focused set of near term opportunities to benefit Jamba in fiscal 2017, and are building a robust pipeline of initiatives for 2017 and beyond. Implementation of the successful opportunities identified will be phased in to the system to ensure savings from each initiative are captured.

The renewed focus on a store centric operating model has created a strong franchisee/franchisor relationship that will prove beneficial to capturing the opportunities in front of us.

Expand our global footprint

As we continue on our path as an asset-light business, our focus will be on expanding our retail footprint globally through franchising. As described below, our focus is on domestic growth and on both traditional and non-traditional store formats. In addition, in fiscal 2016, we refocused our international expansion to our Asia and Middle East markets and exited our previous presence in Canada. Jamba Juice store locations at the end of fiscal 2016 were comprised of approximately 7% Company Store locations and 93% Franchise locations, globally.

Jamba Juice - Domestic

We have a portfolio of flexible store formats that can be utilized in a number of different venues. We generally categorize our stores as either traditional or non-traditional locations. A traditional location is characterized as a business premise that exists primarily as a Jamba Juice store. Traditional stores average approximately 1,000 - 1,200 square feet in size. These stores are located either in major urban centers or in suburban strip mall centers. As of January 3, 2017, there were 599 traditional Jamba Juice store locations. A non-traditional location is characterized as a Jamba Juice store located within another primary business, in conjunction with another business or at institutional settings, such as colleges and universities, entertainment venues, shopping malls, transportation centers, supermarkets and airports. A “captive” audience is a common characteristic of non-traditional locations. We believe one benefit of the development of non-traditional stores is to increase awareness of the Jamba Juice brand to complement the traditional stores in the area. As of January 3, 2017, there were 240 non-traditional Jamba Juice store locations.

We announced a franchise incentive program designed to accelerate new store openings in 2017, including our new Drive-Thru format which is intended to expand our available trade-areas by increasing accessibility to the market. We believe this program will spur additional growth of the incentivized store formats.

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We continue to innovate in the design of traditional and non-traditional stores. Our goal is to vary the size and format of our stores to allow us to locate them in or near a variety of settings. Our flexibility in store construction enables us to develop stores in a wide range of venues, broadening the visibility of the Jamba brand and giving more customers easier, more convenient access. We believe format flexibility will help us to attract qualified franchisees and offer them the potential to earn a higher return on their investment in capital expenditures. In 2016, we continued the expansion of the refresh and remodel program for our Company Stores in order to provide a contemporary and fresh experience for our customers. We continue to refresh stores, which includes upgrading the stores' facilities to effectively and efficiently serve our blended, whole food and premium juice platforms.

The Jamba Juice Express concept was launched in 2012. The concept is designed to target venues with a smaller footprint than our historical, non-traditional store. Jamba Juice Express units offer a limited menu of the brand's top selling smoothies and juices as compared to our other store formats. Our Jamba Juice Express platform is an in-fill strategy for venues such as colleges and universities, grocery stores, hospitals and business cafeterias where the Jamba brand is already a known presence in the market. As of January 3, 2017, there were 47 Jamba Juice Express locations open in 21 states. Due to the nature of the business format and smaller footprint, an Express unit generates a smaller financial store contribution than other formats. To better reflect the key contributors of new store development, Express units will be excluded from store counts, beginning in the first quarter of 2017.

As of January 3, 2017, we had 839 Jamba Juice store locations in the United States, operating in 35 states and Washington, D.C., consisting of 66 Company Stores and 773 Franchise Stores. We lease the real estate for all of our Company Stores. Our market planning has shown that there is potential for a total of at least 2,700 Jamba Juice stores in the United States which would meet our current store opening criteria. During fiscal 2016, 54 new Franchise Stores opened, 30 Franchise Stores closed and we completed the refranchise of one Company Store.

Domestic Franchise Opportunity

Through our franchising program, we offer franchisees choices in store location, format and number of stores they wish to operate including traditional "stand alone" stores and non-traditional store venues such as mall, university, supermarket or transportation center locations. Furthermore, we offer franchisees the opportunity to reserve larger territories by entering into multi-unit development agreements which grant the franchisee exclusive rights to develop and operate a specified number of stores within a specified period of time and geographic area.

As of January 3, 2017, we had 27 development agreements that contain rights to develop additional Franchise Stores. The exclusive territories covered by these agreements include selected markets in the states of Arizona, California, Delaware, Florida, Georgia, Michigan, Minnesota, Missouri, Nevada, New York, North Carolina, Oregon, Pennsylvania, Tennessee, Texas, Utah, Washington and Wisconsin. In 2016, as part of our ongoing east coast expansion, we entered into development agreements which will yield 24 new locations in the greater Detroit, Michigan, Philadelphia, Pennsylvania and Midland, Texas markets.

To help maximize the growth of our non-traditional franchise development, we continue to strengthen our relationships with beverage and food concessionaires operating at venues such as colleges, universities, airports and other transportation centers, as well as other retail and entertainment venues. In addition to our own efforts, we are regularly approached by concessionaires and contract feeders whose independent research has identified us as desired for non-traditional venues where they have secured exclusive development rights from venue owners. When it fits our expansion strategies, these opportunities are incorporated into our development plans.

Our comprehensive market planning and site selection process helps guide the successful execution of our growth strategy. We have processes for identifying, analyzing and assigning undeveloped markets for Franchise Store development. Once a market is selected, we carefully screen trade areas for demand based on demographic,

psychographic and Jamba Juice specific variables to assess the risk of developing a store or permitting a franchisee to do so. We review trade areas to ensure that they meet our guidelines for new store development and begin the site selection or approval process. Once a trade area is approved, we carefully screen prospective locations for visibility, traffic patterns, ease-of-use, occupancy costs and co-tenancy for potential Franchise Store locations. Our expansion strategy involves using this market planning and site selection process to leverage areas of demand within each market. We use this approach as a means to create critical mass within specific geographic areas of demand, in order to increase brand awareness and improve operating and marketing efficiencies for Franchise Stores while leveraging the costs associated with regional supervision. Distribution efficiencies can also be realized through this strategy.

International Franchising Opportunity

Our international partners work closely with us to build the Jamba Juice brand and implement the Jamba Juice system in their local geographic markets, as well as to maximize revenue and margin growth opportunities, recognizing commercial, cultural and dietary diversity in each market. There were 70 International Stores as of January 3, 2017, with stores located in Indonesia, South Korea, the Philippines, Mexico, Taiwan and the Middle East. As of January 3, 2017, we had six master developers with commitments to open 307 stores internationally.

We anticipate that global new unit development will continue to be a contributor to achieving our stated long term objectives. At the end of fiscal 2016, we had international master development agreements with partners in Indonesia, Thailand, South Korea, the Philippines, Mexico, Taiwan, and the countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates).

We believe our brand and products have international appeal and we continue to engage in discussions with additional interested partners regarding the expansion of Jamba Juice stores into new international markets. The success of further international expansion will depend on, among other things, local acceptance of the Jamba Juice concept and menu offerings, regional supply chain infrastructure to drive profitable growth for our partners and our ability to attract qualified franchise partners. Our international developer agreements take the form of development and franchise agreements under which we typically receive an initial territory fee, store opening fees and ongoing royalty revenues based on a percentage of sales.

Early progress on our five core strategies has reenergized our company and franchise system and have provided focus for our leadership team. In fiscal 2017, we anticipate that the business will more fully realize the benefits from the work accomplished against each strategy. Work will continue against these core strategies and we expect that further benefits to the business will be realized.

Domestic Store Operations

Franchise Store Management

We continuously partner with franchisees to ensure excellence in Franchise Store operations, principally through our Franchise Business Consultants ("FBCs"). FBCs are Company team members that work closely with franchise owners to review the financial health, strength of the team, best practices and procedures of our franchisees. We engage with our system through a Franchise Advisory Council ("FAC"), which formalizes a channel of communication through a representative group of franchisees to provide advice, counsel and input to us on all aspects impacting our business. Our franchise agreement calls for franchise partners to meet certain operational and maintenance requirements intended to align the operating processes system-wide around a common set of standards. Performance is monitored regularly by the FBCs, who in addition to ensuring operational standards, provide feedback, coaching and support, as needed.

Company Store Management

We believe operational excellence throughout the Jamba system is vital to our success. Our field and store operations teams are responsible for maximizing the performance of our Company Stores across the system. We recruit and retain leaders with broad experience in management within our industry. Our field leadership consists of two Operational Directors and District Managers to support our Company Store operations. Our strong core values have contributed to a highly tenured field team that is deeply experienced and invested in the health of the business and the brand.

Our Store Excellence Program is designed to improve operational execution and performance by establishing comprehensive standards, which we expect all of our stores to achieve and maintain. In addition, we implemented a bonus program that offers Company Store managers rewards on achievement of sales and profit goals. These factors continue to positively impact customer satisfaction and help ensure that all stores in the Jamba System are delivering against the key drivers of customer satisfaction on a consistent basis. We believe team members are the key to our success and support the development of a culture that fosters personal interaction, mutual respect, trust, empowerment, enthusiasm and commitment.

Maintaining a culture and a management style that embodies healthy, active lifestyles in an authentic, fun, friendly and efficient manner in Company Stores, as well as Franchise Stores, is essential as we continue to expand, and we believe that it is critical to developing our brand and ensuring our continued success.

Training

Our training programs ensure all team members in the system have the knowledge needed to deliver excellence in guest experience and connect team members to our mission. We conduct training through a variety of programs for franchise partners, team members, support center staff and our leadership team on a regular basis. We are dedicated to providing a meaningful experience for all employees, with ample opportunity to develop leadership skills as they build a career at Jamba. All of our training programs reinforce the importance of prioritizing the guest experience and building sales through menu knowledge. Training materials and best practices are available to our franchisees to help create, preserve and support a singular culture of excellence within all of the stores that comprise our system. Additionally, in 2016 we continued to build our online training resources through Launchpad, an online training eco-system designed to elevate engagement and deliver timely and cost effective training resources to our team and franchise partners.

Recruiting and Retention

We carefully screen potential team members to ensure that they embody our core values and fit into our culture. By maintaining this emphasis and encouraging responsibility and accountability at every level, we believe that we have created a sense of team member loyalty and an open and interactive work environment, resulting in a highly passionate workforce. Our team members are paid competitive wages and are offered opportunities for advancement. In addition to competitive wages, store managers are eligible for performance-based bonuses. In order to preserve a singular culture within the stores that comprise the Jamba System, we share best practice information, qualifications and other relevant information to assist franchisees with hiring and retention.

Advertising and Marketing

In 2016, much of our advertising and marketing efforts focused on product innovation and transformation of our systems and digital eco-system. We reaffirmed our commitment to providing healthier food and beverage options to consumers, specifically by leveraging our historic core equity of blending. In Q4 201