



Texas-based Fajita Pete's added frozen Margaritas (pictured) to its menu offerings in 2016. The drinks quickly became a selling point for customers and franchise partners.

Based in Houston, Fajita Pete's has 27 locations, largely in Texas. However, the company has big growth plans, with franchise agreements in place in new Texas markets and in Oklahoma, Colorado, Illinois, and Pennsylvania.

# FAJITAS & 'RITAS

**T**he Houston-based Fajita Pete's restaurant chain has been focusing on takeout and delivery for almost two decades, long before the Covid-19 pandemic forced the on-premise to pivot toward that model. Founder and CEO Pedro "Pete" Mora foresaw a consumer shift toward eating restaurant-quality food at home years ago, and he worked hard to build that idea into the successful 27-unit business he runs today. The young entrepreneur added Margaritas and beer to the mix roughly six years ago, solidifying his Fajita Pete's concept as a destination in Texas. Having now embraced a franchise model and made firm plans to expand into several new states, Fajita Pete's is poised for major growth.

Texas-based quick-service Mexican concept Fajita Pete's has gotten a solid boost by adding Margaritas to its mix

BY LAURA PELNER

"We were doing this ten years before Covid, it wasn't new to us," Mora says. "The pandemic proved this model and accelerated what I thought was happening in 2008. It made people realize they can get good food at home. Now, the beverage component is a growing part of

the business and helps us grow the Fajita Pete's brand. It's a differentiator and continues to be a bigger part of what we do."

Mora partnered with local Texas drinks producer Mpact Beverage roughly six years ago to source his Margaritas and has since added beer to the menu as well. He expects company revenues to top \$20 million this year, as the Fajita Pete's brand grows rapidly. At just under 30 units now—almost entirely in Texas, save for one in Kansas—Mora predicts Fajita Pete's will

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Pedro “Pete” Mora (top left) created Fajita Pete’s after seeing the success of takeout and catering at his dine-in restaurant several years ago. He partnered with Mpact Beverage to source Margaritas (top right) for the chain, which offers a variety of fajitas and quesadillas (above).

reach 40 locations by the end of 2022 and as many as 70 next year, and he adds that he currently has more than 100 locations planned through signed franchise agreements. New restaurants are slated for Texas, as well as Colorado, Illinois, Pennsylvania, and Oklahoma. Beverage alcohol sales make up roughly 5%-7% of total sales now, though Mora anticipates that share growing as the company grows. He adds that some of his new franchise partners were attracted to Fajita Pete’s because it offered alcohol along with quick-service Mexican fare, a rarity in the takeout and fast-casual dining arena.

### The Beverage Boost

Mora entered the restaurant industry after completing an entrepreneurship program at the University of Houston, for which he had to draft a business plan to graduate. “My plan was for a restaurant, but it turned out to be more than that and I turned it into a real business,” Mora says. “After college I opened a 60-table restaurant in Houston and that taught me the restaurant industry. In our second year there we started doing catering, and that’s when the lightbulb went off. The restaurant was great to us and it taught me everything, but I

PHOTO BY (TOP RIGHT) ROB SMITH



Fajita Pete’s (Lakewood, Texas location pictured) executives expect the concept to reach 40 units by the end of this year.

didn’t want to scale that model so we focused on catering and takeout to-go.”

That first on-premise business, Poblano’s Mexican Grill, operated for six years in a 6,300-square-foot space. When the lease was up in 2008, Mora moved to a 1,200-square-foot spot and unveiled Fajita Pete’s, paring the menu down from 60 items to just a handful of foods that travel well, primarily fajitas and fajita derivatives like quesadillas. He experimented with adding mixed drinks to the program several times before signing on with Mpact Beverage in 2016.

“When I opened the first Fajita Pete’s, people didn’t know what we did, because back then it was only Chinese food and pizza that got delivered,” Mora recalls. He started talking to franchisors in 2018 and debuted his first franchise unit in 2020, during the Covid-19 pandemic. Because Fajita Pete’s was already built as a takeout, delivery, and catering concept, the pandemic restaurant restrictions had little negative effect on business. “We didn’t have any stoppage because we were already operating to-go and we had an app in place,” Mora says. “The ticket count changed and catering went down, but we replaced those sales with higher family tickets in our local neighborhoods as people ordered in more. Now that we’re getting to the other side, we see catering coming back.”

Finding a drinks partner in Mpact Beverage was also fortuitous. Mpact focuses on the ready-to-drink space, and it uses a proprietary production process that allows its drinks to be classified as wine or beer instead of spirits, which was a big attraction for Mora when it came to on-premise alcohol licensing laws in Texas. In addition, Mpact emphasizes natural ingredients and flavors, mirroring Mora’s dedication to serving high-quality offerings.

### FAJITA PETE’S AT A GLANCE

|                        |   |
|------------------------|---|
| <b>Founded</b>         | 2008 in Houston   |
| <b>Key Executives</b>  | Founder and CEO Pedro “Pete” Mora, COO Joey Eguia, chief business officer Hugh Guill, director of training Patty Browne, and director of franchise business consultants Bruce Foster. The company has partnered with Texas-based Mpact Beverage for its drinks program.                     |
| <b>Headquarters</b>    | Houston   |
| <b>Number of Units</b> | 27  |
| <b>Annual Revenue</b>  | More than \$20 million this year  |
| <b>Sales Breakdown</b> | Beverage alcohol makes up 5%-7% of total sales, led overwhelmingly by frozen Margaritas.  |
| <b>Website</b>         | Fajitapetes.com   |
| <b>Future Plans</b>    | The company has big growth plans. Fajita Pete’s has entered several franchise agreements that will see the takeout and delivery restaurant chain expand to 40 units this year and to as many as 70 locations in 2023. The company has commitments for more than 100 locations in the works. |





While Fajita Pete's is designed to be a quick-service takeout, delivery, and catering concept, several of the restaurants offer limited counter and seating for dine-in guests (pictured). Founder Pedro "Pete" Mora emphasizes hospitality and encourages employees to connect with guests.

According to Mpac Beverage, they're both the largest "winery" by volume and the largest craft-cocktail RTD producer in Texas.

"We knew we could bring in a program that would create an incremental sale for Fajita Pete's," says Austin Johnson, vice president of sales and a partner at Mpac Beverage. "It's been extremely successful for us and for Fajita Pete's and their consumers. The demand for drinks is there and we're excited to be growing with Fajita Pete's. Their dedication to quality makes us both compatible and drives national growth."

Mpac offers a traditional Margarita through Fajita Pete's, as well as strawberry and mango flavor offshoots, each at 10.5% abv and served frozen out of drinks machines. The restaurants sell them in a variety of sizes, from a 16-ounce cup (\$9) to half-gallon (\$27) and gallon (\$46) pouch-style bags, all available for takeout or delivery (prices are for the flagship Fajita Pete's in Houston's Bellaire neighborhood). Some locations have also offered non-frozen Margaritas in the past, but none do currently, as Mora says the frozen offerings are traditionally a lot more popular.

The partnership with Mpac will remain consistent in every new market Fajita Pete's enters. Margaritas are joined on the restaurants' menus by a handful of beers, including Pacifico, Corona, Modelo Especial, and Bud Light (\$2-\$3 a bottle). Food items include fajita bundles that can serve anywhere from one person (\$16-\$18) up to ten (\$130-\$161), as well as quesadillas (\$12-\$18), enchiladas (\$14), burritos (\$16), and flautas (\$14), all items that are centered around a tortilla and protein.

"Fajita Pete's has really leveraged the beverage program strategically," Johnson says. "They sell drinks in bulk and people pick up their fajitas and a gallon or half-gallon of Margaritas. They market alcohol-to-go well, and they identified it before Covid." Along with supplying drinks for Fajita Pete's, Mpac works with large-scale restaurant operators like Landry's and retailers like Total Wine & More and Spec's Wines, Spirits, & Finer Foods.

## Hospitality Focused

Because of his roots with a traditional dine-in restaurant, Mora knows the value of hospitality and strives to emphasize it in his takeout and delivery business. "Good food and good service don't go out of style," he says. "We treat people like they're our community. With the switch to quick counter service, we often only talk to people for 40 seconds, but we give them 40 seconds of hospitality. We make their transaction an interaction and we build relationships."

The fact that he has myriad regular and returning customers is a testament to the success of his hospitality efforts. "We target families and group catering," Mora explains. "We try to go into markets with a dense population of people who lead busy lives and offer good restaurant food without a long line."

He adds that the Fajita Pete's brand travels well into new locales. Franchisors are set to expand within the next year into Denver, Chicago, Pittsburgh, and Oklahoma City and Tulsa, Oklahoma, as well as in and around suburban Houston, Dallas, Fort Worth, Austin, San Antonio, and Lubbock, Texas. Mora expects the core menu to stay consistent as new locations open, though he says that in the future he may consider allowing for regional favorites and limited-time food specials. And while the locations emphasize takeout, delivery, and catering, he adds that some have a handful of tables for on-site dining and drinks.

"As we go into new markets with different alcohol laws, we're going to learn, but I want to expand drinks more," Mora says. "With a \$10 plate of fajitas, people don't flinch about a \$10 Margarita, so it's an easy win. Margaritas are a growing part of our sales, and they're important. The pandemic helped people wrap their minds around alcohol delivery, and having a real Margarita with real, restaurant-quality Mexican food is a big part of what people like."

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