

Steakhouse Franchisee Meets Growth Deadline

Case Study



CHAIN ASSOCIATES

The Situation

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A franchisee of a major national Fine Dining Steakhouse chain with a large defined territory in two high-density East Coast cities must complete their contractually obligated store development requirement within a specific time frame or risk losing their exclusive rights to these lucrative markets.



- ▶ Determine the number of new restaurants in total needed to appropriately fill the available territory in each market area
- ▶ Identify the specific, preferred location for each new restaurant outlet, based on a targeted per-store annual sales volume of \$6 million

The Actions

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A Market Penetration Study in each market quantifies the maximum number of restaurants that can be supported successfully and identifies the ideal locations to place them.



- ▶ A unique Customer Profile is developed for this restaurant brand that defines its high use, high potential customer base
- ▶ The percentage of these preferred Customer Profile households in every zip code is analyzed numerically and visually represented in a color-coded Map format
- ▶ A population density component is added to the Map to determine the zip codes with both a high percentage of preferred customers and a high total number of customers

The Results

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The Market Penetration Study and Market Map generate a Growth Plan for this restaurant chain in each defined market area, providing specific, ideal location choices.



- ▶ Five clusters of preferred zip codes are identified as Tier 1 alternatives for additional locations projected to achieve the \$6 million sales target, three in one area and two in the other
- ▶ Four secondary clusters of zip codes are identified as Tier 2 alternatives, two in each market area
- ▶ The Tier 1 and 2 alternatives represent more than enough new stores to complete the total contractual franchise territory development obligation

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