

Start-Up Concept Seeks Ideal Location

Case Study



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The Situation

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An independent restaurateur on Long Island, NY wants to start a chain of Specialty Coffeehouses in this diverse, high-density market area, aiming to compete head-on with Starbucks.



- ▶ Focus initial growth in the extremely dense central portion of Queens and Nassau counties, as the first store must be a “home run” in order to attract investors to fund future growth
- ▶ Identify and rank the most preferred geographic location options in this area and the successful launch of the concept

The Actions

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A Customer Lifestyle Profile of people with stated high usage of Starbucks is defined and a comprehensive Market Penetration Study is completed for Queens and Nassau counties revealing where these customers live.



- ▶ The Customer Profile of Starbucks' heavy-users is derived from restaurant industry research cross-referenced against a Lifestyle segmentation system
- ▶ The percentage of preferred Customer Profile HHs in every zip code in Queens and Nassau counties is analyzed and visually represented in a color-coded Map
- ▶ A population density component added with the area's major roadway system reveals the high-percentage zip codes with a high total number of customers and daily travel routes

The Results

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The Market Penetration Study identifies the specific, highest potential location choices in rank order for the launch of this new Specialty Coffeehouse concept.

- ▶ Two clusters of preferred zip codes emerge as equally strong location options, providing the prime real estate search alternatives for the initial store launch
- ▶ Four secondary clusters of zip codes are identified as future location options, providing expansion opportunities as investment funding becomes available

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