

How Buxton’s Potential Analysis Helped a Casual Restaurant Brand Expand into New Markets and Pick Better Performing Sites

CONCEPT

Casual Restaurant Chain

OBJECTIVE

Identify New Market Expansion Opportunities

RESULTS

Buxton-Recommended Locations Performed 12.4% Better Than Those Not Recommended By Buxton



The year 2012 was an important year for many consumer brands as they sought expansion opportunities following a difficult recession. A long-time Buxton client in the casual restaurant industry was no exception. With a history of successful openings in core markets, the brand was ready to find opportunities in new markets.

In this case study, we’ll discuss the solution that Buxton developed to identify the brand’s growth opportunities and examine how those recommended unit openings have performed over time.

Buxton’s Solution: A Restaurant Potential Analysis

A potential analysis is a popular solution for identifying a brand’s growth opportunities, zeroing in on the best markets and trade areas, and reducing real estate investment risk. It shows brands the optimal combination of locations that meets or exceeds performance criteria for each unit across a desired geography.

To help the casual restaurant brand identify its growth opportunities across the entire United States, Buxton first studied the factors that correlate with the brand's performance. These factors were integrated into a site selection model that Buxton used to evaluate thousands of potential sites across the country.

At the time of the potential analysis, the brand had 115 existing locations. Buxton's study identified 277 additional recommended locations for a total U.S. potential of 392 locations.

In addition to providing a count of the brand's total U.S. potential, Buxton provided the locations of recommended trade areas. The brand ultimately applied the results of the analysis to prioritize new markets for expansion and select new sites.

Expanding into New Markets

Prior to the study, the casual restaurant chain had locations in 41 markets (CBSAs) primarily in California, Texas, and the western half of the U.S. The potential analysis revealed expansion opportunities both in existing markets and new markets – particularly in the east.

The brand used the results of the analysis to help guide their expansion into new markets. Today, the brand has a presence in 77 markets and has successfully expanded into eastern markets.

Buxton helped the casual restaurant brand expand from 41 markets to 77 markets.

Selecting New Sites

In addition to using the potential analysis to prioritize markets for expansion, the restaurant also used the results to select specific sites.

To understand the effectiveness of the potential analysis trade area recommendations, Buxton examined the performance history of locations opened after the study for which we have received at least one full year of sales history (locations open in October 2016 or earlier). Approximately 27% of those locations were opened in Buxton's recommended trade areas while the remainder were opened outside of recommended trade areas.

The results are clear. Locations opened in Buxton's recommended trade areas perform 12.4% better on average than those opened outside of recommended trade areas. Using the potential analysis as a guide results in better performing locations than traditional site selection methods alone.

Locations opened in Buxton's recommended trade areas perform 12.4% better on average than those opened outside of recommended trade areas.

The Bottom Line

Whether your company wants to infill existing markets, prioritize expansion opportunities in new markets, or identify the best trade areas for new sites, a potential analysis is a helpful tool to guide your market planning process.

Visit buxtonco.com/solutions/location-intelligence to learn how our location intelligence solutions can complement your site selection strategy