



BrandScore Brief

BrandScore Brief, developed for the retail community, is brought to you by TheRetailPlanet.com and leverages BrandScore to analyze specific retail situations throughout the US and the world.

Wendy's: The Other Shoe

Published: September 8, 2011

[Last month](#), we picked on Pizza Ranch by identifying them as a hot concept for Wendy's to acquire because: (1) they own a number of locations that would work well for Wendy's, and (2) they offer many new markets. But this is only half the story. What about all of the fast food concepts that share large markets with Wendy's? Are any of these worth considering for acquisition? As you will have noticed, the criteria for selecting good candidates changes when we consider markets where Wendy's is currently established. In this case the best acquisitions:

- ◆ Will be in markets where Wendy's is present but only to a moderate degree --- so there is still plenty of opportunity for expansion. For the sake of our analysis we concentrated on markets with less than 10 Wendy's.
- ◆ Will have more than 50% of their locations in trade areas with no Wendy's present.
- ◆ Will have a large proportion of the above locations with high scores for Wendy's.

WHAT DID WE FIND?

Several acquisition candidates with brands like Pizza Ranch and Taco John's make the cut. To come up with the table shown below we started with over 250 Fast Food brands from TheRetailPlanet.com's proprietary location database containing over 3,000 retail brands. We then filtered those brands with the requirement that "50% or more of their locations be in markets with less than 10 Wendy's." This reduced the list of potential retail chains to 20. We then looked at actual Wendy's locations in each market to select the retail brands with minimum overlap in the trade areas, i.e., finding locations for the retailer not in current trade areas for Wendy's). In the table below, the column titled "% locations in Trade Areas with No Wendy's

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Present” refers to the percentage of existing stores for each retail brand that are more than two miles away from an existing Wendy’s location. This limits Wendy’s acquisition target list to the 10 retail chains listed below.

Retailer Name	Number of Locations in the US	% Locations in Trade Areas with No Wendy's Present	% Locations in Trade Areas with No Wendy's & High Wendy's BrandScore	Average Wendy's BrandScore
Pizza Ranch	150	87	64	164
Monical Pizza	70	64	50	167
Taco John's	400	51	40	171
Paul Revere's Pizza	20	91	69	151
Pizza Factory	120	88	46	137
Figaro's Pizza	70	76	54	155
Papa's Pizza-To-Go	60	70	24	120
Jreck Subs	30	68	34	132
Noble Romans	60	57	31	135
Erik's Delicafe	20	57	23	122

Attaching Wendy’s BrandScore to these locations allows us to evaluate how good of a fit these competitors’ locations might be in attracting Wendy’s customers. BrandScore refers to the technology created by TheRetailPlanet.com to measure the quality of the location for a retailer based on potential customers, nearby synergistic retailers, commercial activity and the competitive environment in the trade area. (For this analysis, our ratings did not look at local site features such as visibility or ease of access, however the BrandScore system can take those factors into account as well.) In the table above, the column entitled ”% Locations in Trade Areas with No Wendy's and High BrandScore” allows us to see how many of the retailer’s stores can have a sign change and perform really well for Wendy’s. The fact that these locations are in areas not served by Wendy’s acts as the icing on the cake. Given these factors, **Pizza Ranch, Monical Pizza and Taco John’s stand out as the TOP 3 TARGETS for acquisition by Wendy’s.**

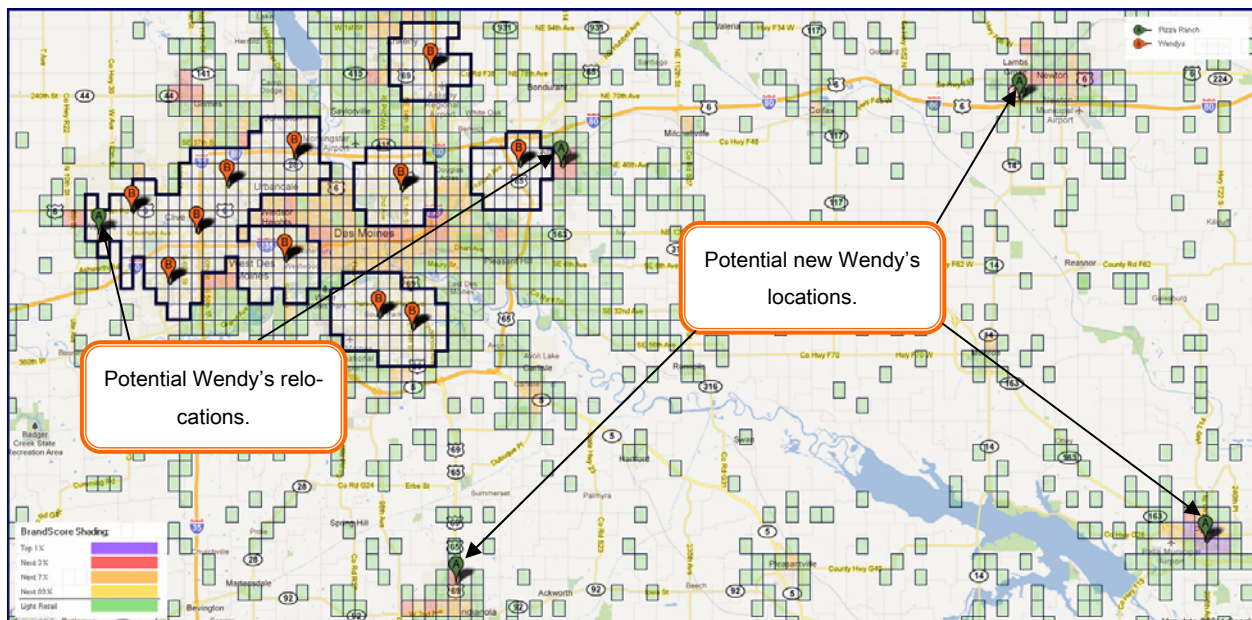
Now, let’s take a deep dive with Pizza Ranch and examine two of the markets where we see them co-existing with Wendy’s. In the maps below, we see a layer of one-square-kilometer



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squares that overlay the Google maps. We refer to these squares as Retail Districts. In each market, TheRetailPlanet.com's BrandScore technology was used to score the Retail Districts containing all the Pizza Ranch locations in the US to evaluate their fit for Wendy's.

First, let's take a look at Des Moines, Iowa, using the tools available on TheRetailPlanet.com's Google-based platform. We see several Wendy's locations (the orange map pins) and Pizza Ranch (the green map pins) locations on the map with two Pizza Ranch locations within two miles of existing Wendy's locations. These locations had Wendy's BrandScores of 180+, which means they would be excellent relocation candidates for existing Wendy's stores. We also see several Pizza Ranch locations that are farther than two miles away from existing Wendy's locations. These had Wendy's BrandScores higher than 185 that could serve as new Wendy's stores.

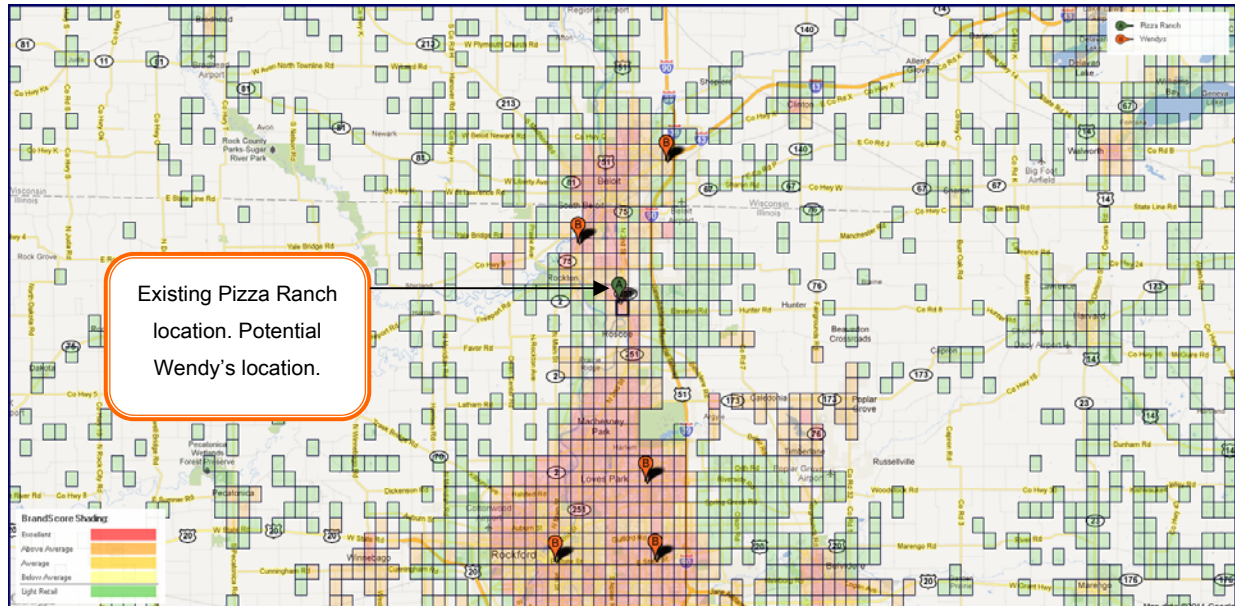


BrandScore map of Des Moines, Iowa showing the impact of an acquisition of Pizza Ranch

Now, using the same BrandScore tools available on TheRetailPlanet.com's website, let's look at a smaller market, Rockford, Ill. (below). There we find one Pizza Ranch location (the green map pin) with no trade area overlap with five existing Wendy's locations. This Pizza Ranch lo-

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ation scores very high with a Wendy's BrandScore of 201, which suggests that this is a great location to convert into a new Wendy's store.



BrandScore map of Rockford, Illinois showing the impact of an acquisition of Pizza Ranch

As this brief shows, TheRetailPlanet.com's BrandScore technology allows us to find concise answers to complex analytical problems. However, the BrandScore platform makes tackling such problems a cinch even for novice users. Please contact us for demo of the BrandScore website or just to talk more about how TheRetailPlanet.com can help you solve your tenant recruiting and retail site evaluation problems.

*Please note that this is a research brief designed to illustrate how BrandScore can be used to evaluate retail locations. Neither Wendy's, Pizza Ranch nor any of the other retailers mentioned in this brief have, to our knowledge, expressed any interest in acquiring or being acquired by the other restaurant chains mentioned.