

ESRI Software Analyzes the Data to Determine Where to Open the Restaurants Famous for Custard and ButterBurgers

Culver's Turns to GIS for Successful Franchising

By Karen Richardson, ESRI Writer

Have you ever wondered just what goes into figuring out where to locate a restaurant? Certainly there are hungry people everywhere, so why is one site better than another? That question is one that Dave O'Brien, real estate manager at Culver's, a successful Wisconsin-based quick-service restaurant chain, asks himself every day.

A growing franchising business, Culver's specializes in Frozen Custard, a premium ice cream, and the ButterBurger, a juicy hamburger so named because of its lightly toasted and buttered bun. Without a holding pan in sight, the restaurant cooks everything to order, including making the namesake frozen custard, fresh on the premises throughout the day.

Though Culver's success stems a great deal from the delicious ButterBurgers and frozen custard, the company also works hard to help franchisees choose great locations for their restaurants. To do this, Culver's uses ESRI's GIS software.

"We chose ESRI because they have the best information available for what we need to know," says O'Brien. "Using ArcGIS Business Analyst, we are able to easily compare and contrast new sites by analyzing the demographics of our existing restaurants and then pinpointing new areas that are similar."

O'Brien uses a combination of ESRI's desktop and online software. ArcGIS Business Analyst, including the segmentation module, provides in-depth customer analytics, while Business Analyst Online is used for creating boardroom-quality



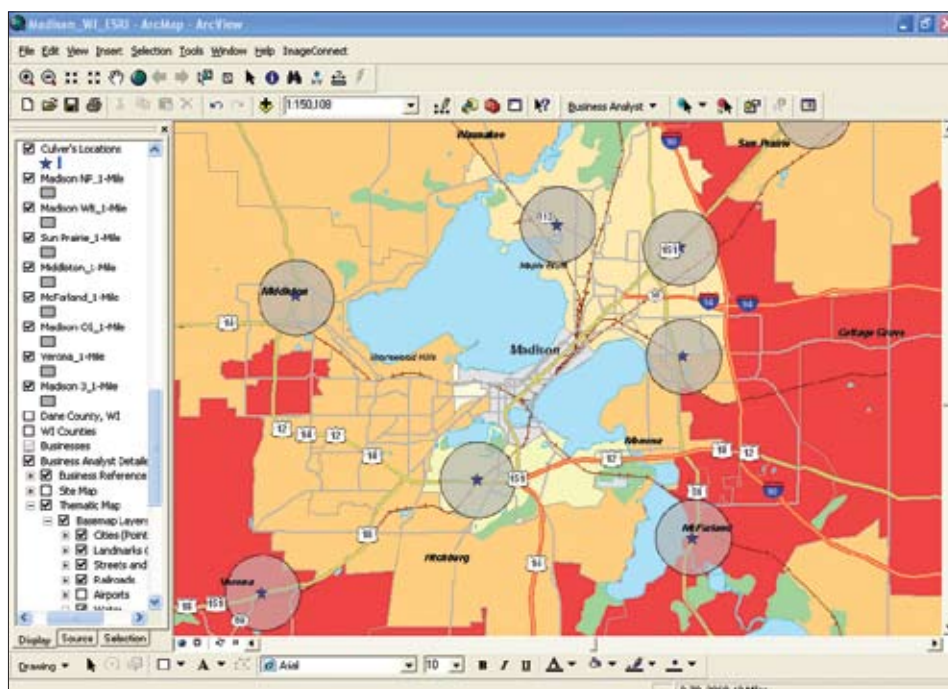
Founded in 1984 in Prairie du Sac, Wisconsin, Culver's is a growing franchise. The quick-service restaurant specializes in frozen custard and hamburgers called the ButterBurger.

maps and easy-to-understand reports. "We are a family company, and this is apparent in all our daily efforts," stresses O'Brien. "We want our franchise partners to succeed. Without them—the local owners and operators in their own communities and hometowns—we would not exist."

Selecting the Choice Sites

With nearly 400 restaurants that stretch from Wisconsin's heartland south into Texas and west to Wyoming, existing franchise partners and franchise candidates are continually looking at possible new sites. "The best way to determine a good site versus a bad site—besides understanding its access to customers, how to place signage, how good visibility is, and the location's prominence in a particular market—is almost certainly going to be comparable store analysis," says O'Brien.

Whether by existing franchise partners or new franchise candidates, new sites are always being scrutinized for potential. "Working with franchisees requires a lot of time; we're either on the phone discussing locations or viewing prospective sites in person," explains O'Brien. He goes on to add that ArcGIS Business Analyst helps everyone focus on trade areas that are more appealing before going out to visit prospective restaurant locations, helping to decrease the time it takes to narrow down choices.



ArcGIS Business Analyst allows Culver's to define areas being serviced by existing restaurants. The software extension does this by creating locations on a map of the restaurants and defining market area boundaries around sets of customers, in this case one-mile rings.

Culver's analysts define areas being serviced by existing restaurants by creating locations on a map of their restaurants and using tools within ArcGIS Business Analyst to delineate market area boundaries around sets of customers. Next, Culver's uses the ArcGIS Business Analyst Segmentation Module to mine valuable customer profiling information.

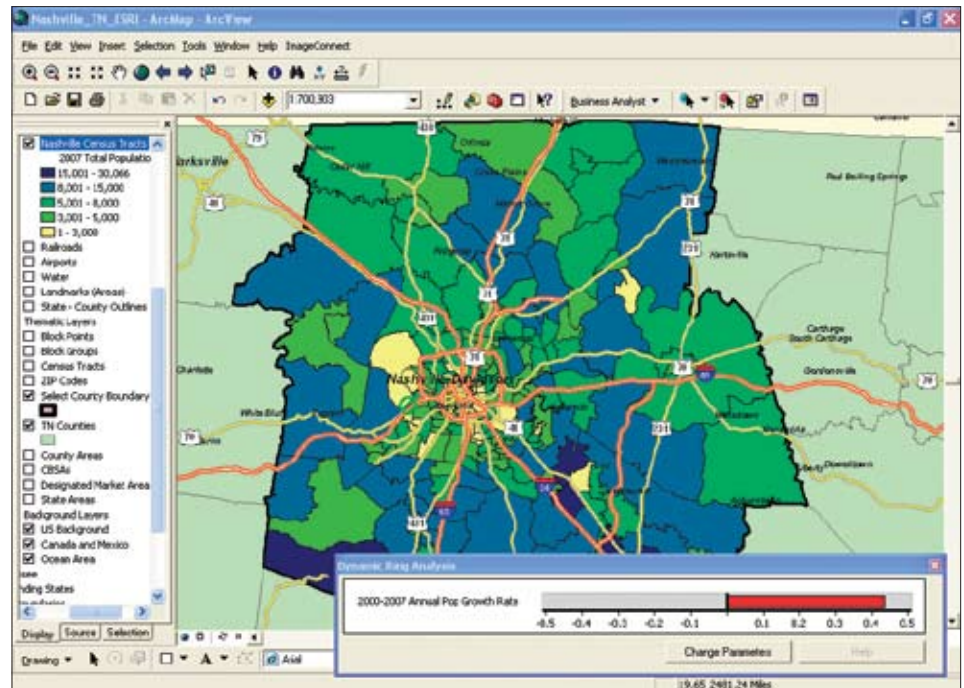
The Segmentation Module consists of ESRI's Community Tapestry data extension, which classifies U.S. neighborhoods into 65 segments based on their socioeconomic and demographic composition. Operating on the theory that people with similar tastes, lifestyles, and behaviors seek others with the same tastes—"like seeks like"—these behaviors can be measured and predicted.

The ArcGIS Analyst Segmentation Module has intuitive wizards that guide the analyst to answer questions about customers such as, Where are other neighborhoods that look like neighborhoods we are currently in that tend to have higher sales volumes? What do they buy? How can I reach them? and Where can I find more like them? Using these spatial analysis tools, Culver's is able to segment the demographics of a restaurant location and find new areas that have similar attributes.

To quickly share this information with corporate managers and new franchisees, the Culver's Real Estate and Franchise Development team uses Business Analyst Online. Business Analyst Online is a Web-based solution that applies GIS technology to extensive demographic, consumer spending, and business data to deliver on-demand analysis and presentation-ready reports and maps. Reports and maps are easy and convenient to use, with more than 50 templates readily available for the Culver's analysts to use for presentations to their board members and potential franchisees.

"We want to give our franchise partners the support they deserve," says O'Brien. "GIS technology gives them the ability to maximize their potential at Culver's."

Today, GIS is seen as a strategic business solution that helps businesses continue to grow. Culver's plans to open 22 new restaurants this year, and almost 30 in 2009. Two have already opened in Phoenix, Arizona, a new market for the company. "GIS is a tool to help us make even better decisions as we continue to expand," says O'Brien. "GIS doesn't replace anything we have now, including people. Instead, the software has become a necessary tool



Intuitive wizards in ArcGIS Business Analyst make it easy to answer questions about market areas, in this case finding the census tracts with the biggest population growth in order to decide where to open a new restaurant.

that complements our existing business process."

For more information, contact Dave O'Brien, real estate manager, Culver Franchising System, Inc., at 608-644-2639 or e-mail daveobrien@culvers.com.

The Culver's Culture

The first Culver's restaurant opened in 1984. Founders Craig Culver and his wife, Lea, oversee more than 388 restaurants in 17 states through Culver Franchising System, Inc. Culver's attributes the success of its franchise restaurants to the owner/operator concept. Franchise partners operate their restaurants full-time. Before they can open the door to a new restaurant, each franchisee must complete an intense 16-week training program where they learn, hands on, the business of operating a restaurant.

Culver's guests order from a cashier or drive-through, but the restaurant goes a step further by bussing tables and bringing around fresh coffee refills. Culver's has won many accolades including recognition as one of 25 high-performing franchises in the country by the *Wall Street Journal*. Culver's was rated the best burger chain in the country according to the 2007 annual survey of diners conducted by *Restaurants & Institutions* magazine.



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