

County Franchise Comparison

Orange County, NC

Lucas County, OH

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Location Recommendation: Orange County, NC

Executive Summary

ORANGE COUNTY

- *Higher income*
- *Younger*
- *Recent development*
- *Proximity to other upscale fast-food restaurants*

Background

Chicken Kitchen's Franchise Department is looking for their next franchisee. There are two counties under comparison, which are Orange County, NC and Lucas County, OH. **The goal of this report** is to assess the two locations and deliver a recommendation as to which location is well-matched.

Chicken Kitchen locations have the **uppermost profits** in societies with higher income, younger population, more recent development, conservative culture, and access to highways.

Recommended Action

With the survey on the two counties, **Orange County, NC** is the most favorable ground on the measures identified. It locates between two big cities in the state of North Carolina, and the University of North Carolina Chapel Hill is also in this county. There are **two major interstate highways** crossing within the county, which offer more customer groups.

The Orange County has **high income and low poverty**. The residences have over \$42,000 per capita income and over \$74,000 median household income,

which are about 20 and 10 percent higher than the amount in the U.S.. They only have 14% persons below poverty line.

There are many upscale fast-food restaurants not only having the big chains but also having small and special gourmet restaurants gathered in the city center of Chapel Hill.

The Orange County has median age of 35.1 and over 55% of population under age of 39. **The county is developing**. It projects the population is growing 5.2% and total households growing 5.5% from 2020 to 2025.

Although, Orange County has relatively less conservative culture, but it has **high racial diversity** and **high educational attainment** with over 63% residences attained Bachelor's degree or higher.

Rejected Option

Although Lucas County has higher population, but it is not an optimal option now. The income is only **half** of Orange County. Plus, Lucas County has 0.4% of American Royalty and 3% of Platinum Prosperity, comparing with Orange County both numbers over 10%.

Lucas County has higher median age of 38 and poverty

percentage of 18.2%. The total population projection decrease with 1% from 2020-2025.

Furthermore, according to the last year consumer expenditure on Fresh and Frozen Chickens, Lucas County has only \$104 average household annually, which is **\$71 shorter than Orange County**.

Action Steps

1. Select Orange County and table Lucas County for review again in 3 years.
2. Target at the major college town of Chapel Hill within the county.
3. Initiate discussions about available land and cost.
4. Have the Research Team run stats on Chick-fli-A competition.

Methodology

Demographic Data

To evaluate the two counties, we started by gathering demographic data from the following sources:

- U.S. Decennial Census: 2000 and 2010
- American Community Survey from the U.S. Census from 2018 via CensusReport.org
- 2019 estimated and 2024 projected data from Gale Business DemographicsNow

Consumer Data

Besides, we reflected a mixture of sources to support us understand consumer behaviors and profiles. We used sites including:

- Simmons consumer data (via Gale Business DemographicsNow). These helped us gain an understanding of how locals in each county spent money on food and entertainment, gave a sense of consumer behaviors and beliefs, and helped us decide fit.
- Mosaic Experian consumer profiles, which sort county households into personality “types” and provides insight into each type’s behaviors, values, promoting preferences, and hobbies

Economic and Other Government Data

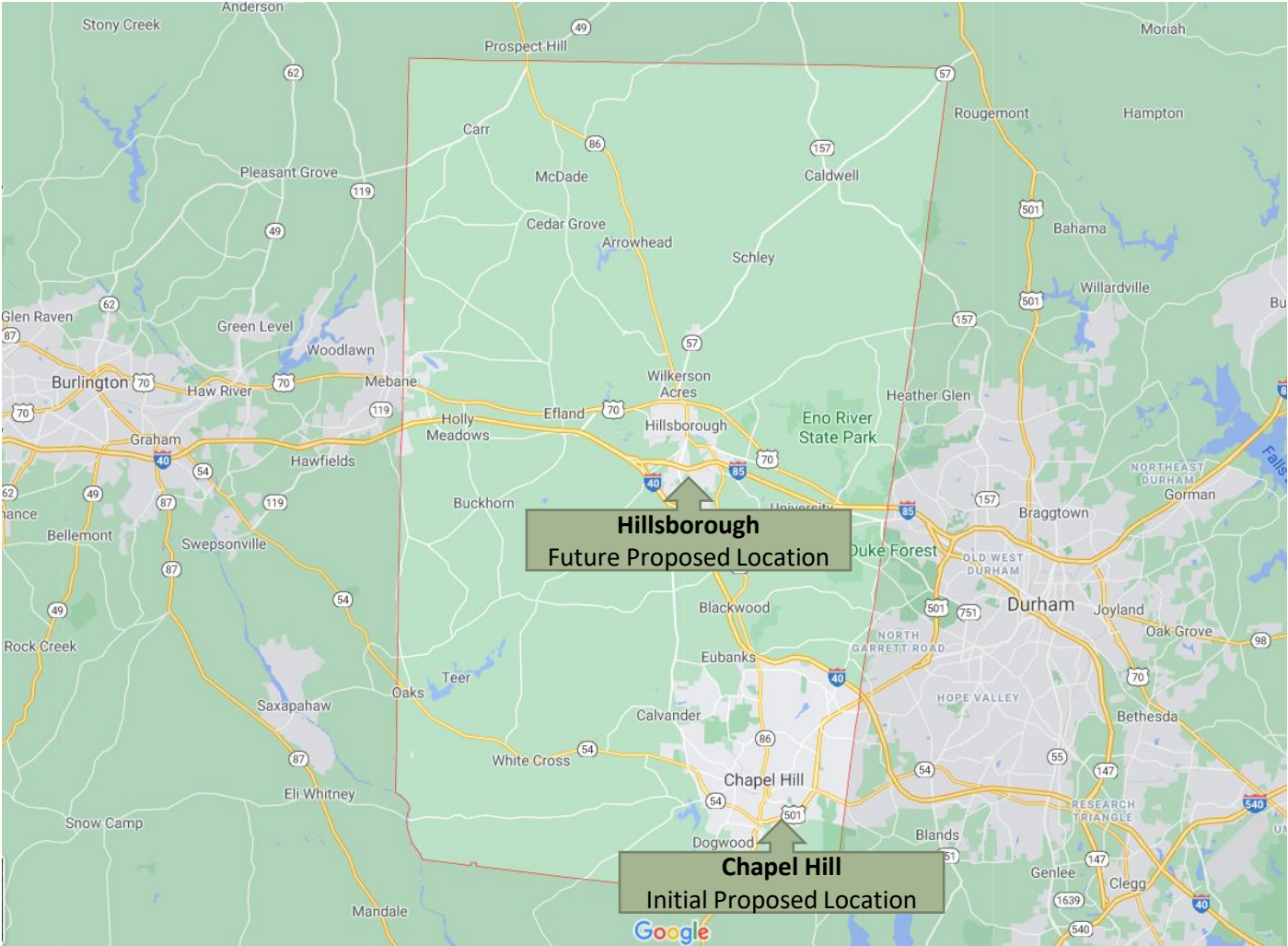
We used the FRED economic data portal of the Federal Reserve Bank of St. Louis to analyze unemployment, SNAP benefits, and sub-prime credit information.

Open Web Research

Moreover, we used openly-available content from sites including

- Waze app data for traffic patterns
- Yelp to gain insight on possible peer restaurants and competition, as well as mapped locations for existing restaurants
- Localconditions.com to evaluate traffic patterns in each county at various times of the day.

Orange County, NC



Orange Communities for Consideration

Orange County

Orange County is in an advantageous location. Chapel Hill, as the largest city in the county, is just two hours drive from Charlotte, NC. Orange sits at the intersection of two interstate highways so residents from the surrounding areas largely need to pass through to go to the larger, nearby cities. We identify that this provides Chicken Kitchen an opportunity to connect with not just residents, but those who pass through the town and who may want to take a break and relax mid-trip.

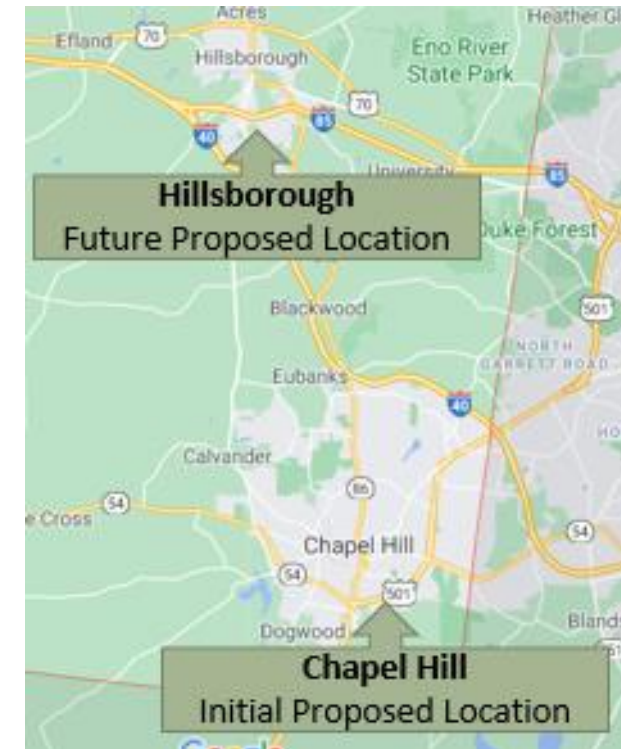
Initial Proposed Location: City of Chapel Hill

Moreover, to the convenient location for travelers, the city of Chapel Hill hosts the University of North Carolina, one of the best public research universities in the state of North Carolina. As one of the best basketball program national wide, they have 21,750 seats in the arena, and most of the time the capacity audience is full.



Future Expansion: Hillsborough

At some point, should Chicken Kitchen want to expand within Orange County, then Hillsborough may be the next ideal location. Comparing with Chapel Hill, Hillsborough is in between two big cities of Burlington and Durham, it just takes 20-30 minutes drive. Besides, the UNC Hospitals Hillsborough Campus is in the city.



Demographics

Growing Income

We found that Orange County overall has had a significant increase in both total households and median household income between 2000 and 2010. Gale Business DemographicNow predicts continued growth in both categories for the 2020 estimated value and projections for 2025. In combination with steady rates of homeownership, this proposes that residents of the county are economically stable and well off, which fits with the company’s desired demographics.

Continued Population Growth

The total population has had increased 13% between 2000 and 2010 and is expected to continue to grow 15.5% by 2025. A Chicken Kitchen location could expect to see an increase in its consumer base and ROI in the coming years due to this growth.

Orange, NC	2000	2010	2020 (est.)	2025 (proj.)
Total Households	\$45K	\$51K	\$58K	\$61K
Median Household Income	\$42K	\$50K	\$74K	\$84K
Population % Owner-Occupied	53.8%	55.6%	59.6%	60.2%
Total Population	118K	133K	147K	155K
Population Growth		13.0%	10.3%	5.2%
Total Housing Units	49K	55K	60K	63K

Source Gale Business DemographicNow, April 15, 2020

Personas: The Right Customers for Chicken Kitchen

Persona are tools used to keep target audiences in mind, traditionally during the design process. Though they do not describe a specific person, they do not describe a specific person, they give a sense for who the target audience is – or is not. The following sample personas were created by Mosaic Experian, based on the demographic makeup of Orange County.

Background

Chicken Kitchen will find that the residents of Orange to be well-educated, affluent and aspirational, conservative-leaning, and mindful of their health in combination with their active, busy lifestyles.

The three most common personas in Orange county are Power Elite, Booming with Confidence, and Single and Starters.

Power Elite

Those who are America's wealthiest households. They are highly educated and politically conservative. They embrace new experiences and interested in equal products and services.

Booming with Confidence

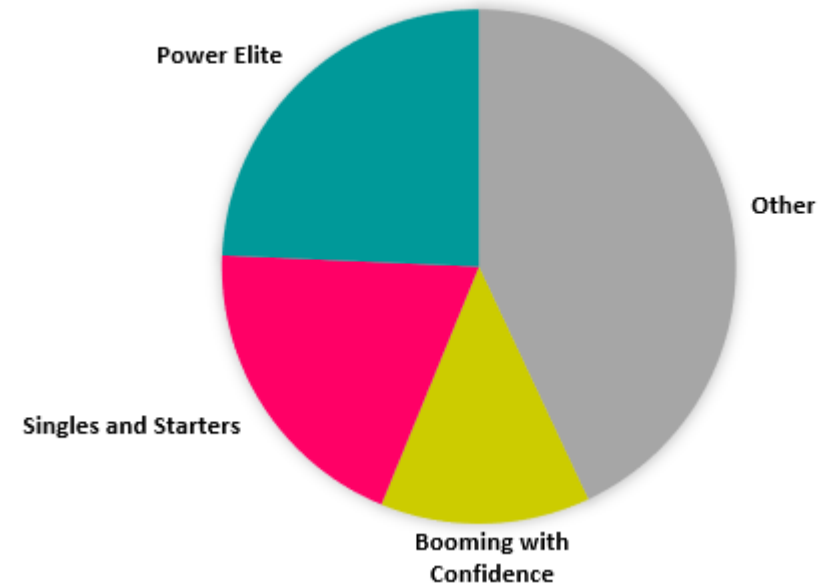
People who are Booming with Confidence are portrayed as empty nesters, or with a few young adults still at home, who have sophisticated but conservative tastes. They have a busy lifestyle but with funds to spend.

Singles and Starters

Singles and Starters are another active group, though not as conservatively minded as the other two. Singles and Starters are known for being aspirational workaholics, digitally savvy, and foodies.

Summary

Making up 57% of the population, these personas suggest that residents will fit well within Chicken Kitchen's target audience.



Dining Behaviors and Expenditures

Orange County residents *are well-suited to Chicken Kitchen's healthy approach to fast casual*. As stated by the 2020 Simmons Lifestyle Demographics & Statements Summary Report, where 100 represents the behaviors of average Americans, Orange residents rate above average for "Consider My Diet To Be Very Healthy" (9 above the average American) and "Like Trend Towards Healthier Fast Food" (11 above).

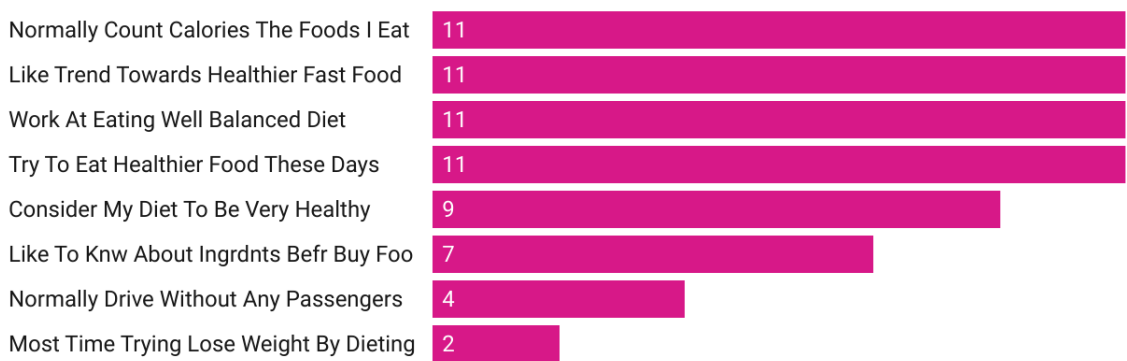
Furthermore, *many of our fast casual competitors are already thriving in Orange*. Panera Bread, which conceits itself on "clean" ingredients, has one store here; Chipotle, which has promoted healthy dining options including vegetarian, has two here. With many Burger King, Five Guys, Cook Out, Chick-fli-A franchises each scattered throughout the county, there is a market here even for lower-quality fast food.

In fact, according to Gale Business DemographicNow's Consumer Expenditure Summary Report, *the average Orange household expenditure for eating out (\$3,663.62) was slightly less than their dine-in budget (\$4963.28)* in 2019, but still, it is a tremendous amount. 2025 projections show that this trend will continue. This translates to a monthly restaurant expenditure of nearly *\$305/month per household* for a median household size of 2.6 (2019 American Community Survey, via SensusReporter.org).

Chicken Kitchen's \$8.99 entrees, which are preservative-free and made with free-range chickens, are an *excellent match* for Orange residents' wallets and dietary preferences.

County residents well-suited to Chicken Kitchen's healthy, upscale model

Consumer Beliefs in Orange County, NC



Created with Datawrapper

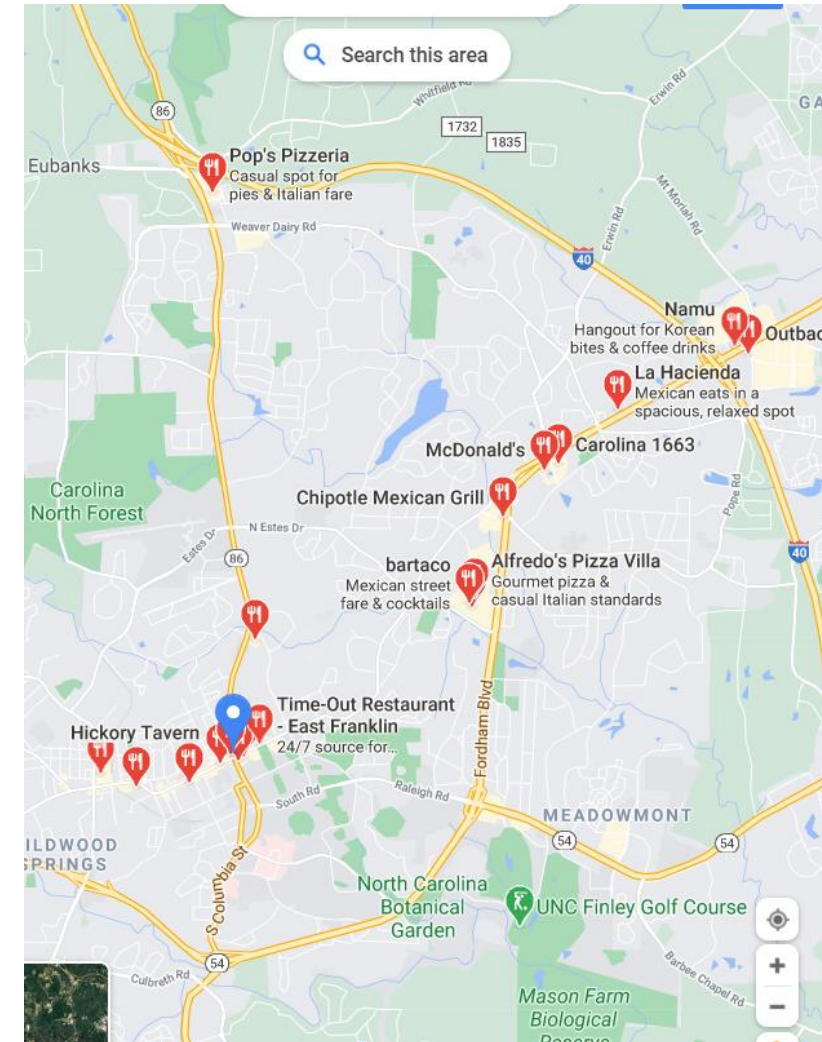
A score of 0 is equal to the national average, scores above zero represent that the county has a stronger affinity to a statement than the average American. Negative numbers indicate that the county's population is less likely than the typical American to identify with this statement.
Chart: Yizhuo Wang – Source: Simmons Lifestyle Demographics & Statements Summary Report. 4/16/2021

Peers and Competitors

Fast Casual Peers

Fast casual restaurants in Chapel Hill are spread out through the town, mainly centered around Northside and Fordham Blvd. This shows that county residents are already accustomed to paying a dollar or two more for higher-quality ingredients. The town hosts few of national and regional chains such as Five Guys, Panera, bartaco, and Hickory Tavern. These restaurants have between one and three locations spread throughout the town with the highest density found within shopping districts, as residents of the town and the surrounding areas are likely to travel to those locations and stay long enough to want or need a meal. Additionally, Chicken Kitchen will find some of their competitors already in the area. Chick-fli-A has two locations in town, one towards the south side and the other towards the northeast. Furthermore, the northeast contains a Bojangles and an It's Just Wings.

Through the Franchise Department shown that proximity to other upscale fast casual dining was desirable, there is an abundance of peers and competitors in the area. As such, more research will need to be conducted to determine whether the market has room for a Chicken Kitchen to be profitable.



Why Not Lucas County, OH?

The alternative franchise applications were received from Lucas County was strong in some criteria, in its current state it is less desirable than Orange County.

The population of Lucas County is roughly three times higher than Orange County. Three major interstate highways are running through the major city of Toledo. Additionally, it only takes one-hour driving distance from Toledo to Detroit, Michigan. The commute time is just slightly shorter than the Orange County.

Conversely, what leads to our conclusion is the fact that there is **\$250,000 as fewer median household income in Lucas County than in Orange County**. In its current state, Lucas is likely to be a less profitable investment. It is worth considering Lucas County for future locations, provided that it continues to grow as projected. According to last year consumer expenditure on Fresh and Frozen Chickens, Lucas County has only \$104 average household annually, which is \$71 shorter than Orange County. Furthermore, many of the current restaurants in Lucas County are considered non-upscale fast casual restaurants or locally-owned dine-in restaurants, so a Chicken Kitchen franchise would not find many peers in the area, as desired

For an instant return on investment, we would not suggest Lucas County, yet growth and time may prove it to be an advantageous investment in the future.

	Population	Median Household Income	Median Age	Commuting Time	Expenditure On Chicken	Competitors
Lucas County, OH	428,348	\$49K	38	21.2	\$104	Cheaper Brands
Orange County, NC	148,476	\$74K	35.1	23.6	\$175	Mid-level brands

Sources: 2019 Census Reporter; 2020 Gale Business DemographicNow’s Consumer Expenditure Food Beverage Grocery Detail Summary

Action Steps and Conclusion

As described in this report, we should select Orange County, North Carolina, for future examination. Its high household income, growing projection in population, high expenditure on chicken, commuting time, and cultural profile match well with Chicken Kitchen's clean ingredients and fast casual approach.

On the other hand, it is not without challenges: real estate costs and existing fast casual options there require more research. We recommend the following next steps.

1. Select Orange County and table Lucas County for review again in 3 years.

Orange County, is highly affluent but is projected to continue growing. Lucas County's projected expansion, average income, and conservative community profile indicate that it is a prime site for us to monitor in the next 3-5 years, watching for competitors to enter the area.

2. Target at the major college town of Chapel Hill within the county. Given how well-populated the landscape of both budget and fast casual restaurants is, the marketplace is primed for our price point and approach. We also believe there is room within the county for future expansion into Hillsborough, perhaps with the same franchisee, which would pave the way to smooth growth there.

3. Initiate discussions about available land and cost. However, with a large university located, means that procurement of real estate may be disproportionately high compared to our locations in newly-formed exurbs, and the ongoing costs associated with real estate should be investigated before moving forward.

4. Have the Research Team run stats on Chick-fli-A competition. The existing presence of this leading chicken restaurant in Chapel Hill may be a concern. We recommend further market analysis to determine whether the market is saturated already.

**Whatever You Do Here,
Just Do You.**

- Chapel Hill, Orange County Web Page

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