**Case Assignment: Segmentation at Sticks Kebob Shop**

Required reading: Segmentation at Sticks Kebob Shop (UVA-M-0866)

Link: <http://store.darden.virginia.edu/segmentation-at-sticks-kebob-shops>

Sticks Kebob Shop (<https://www.stickskebobshop.com/>) is a restaurant headquartered in Charlottesville, VA. Since opening its first quick service restaurant (QSR) in 2001, Sticks had expanded to a few locations around the area. Now it is 2014 and Sticks is thinking about expanding its business again to a new market. The problem is, Sticks is unsure where might be the best location. So, Sticks decided to do some marketing research. Sticks conducted a survey of consumers (customers and non-customers) in the Charlottesville, VA area near their restaurant locations. For examples of the surveys to customers and non-customers, see M-0866H1.pdf and M-0866H2.pdf.

Sticks now needs help to analyze the data and make recommendations for where it should open its new restaurant location. Sticks believes that this survey data will help to identify segment(s) of consumers that are likely to be Sticks customers and then identify a location (from a list provided below) that would be the best place to put their new restaurant.

In this assignment, you will use cluster analysis to determine the segments of consumers in the market using the four bases provided. Then, you will profile the segments using the bases and descriptors provided. Finally, you will identify which segment(s) Sticks will want to target and choose the location among the four provided that you think matches best with the target segment(s). Specifically, you need to do the following (Tableau visualizations are not required, but encouraged to help the readability and presentation of your assignment):

1. Some general questions to think about and answer:
   1. How do people choose a fast food or QSR to visit?
   2. What does the survey data tell us (if anything) about the differences between customers and non-customers?
2. Run a cluster analysis using the bases (M-0866X-Bases.csv). If you need a description of the variables, see the Data Dictionary (M-0866X-Data\_Dictionary.csv).
   1. How many segments are in the market? [Hint: You should use the Elbow Plot and managerial judgment to help in your decision]
   2. What are the profiles of the customer segments? [Hint: You should profile them first by the bases (M-0866X-Bases.csv) and then by the descriptors (M-0866X-Descriptors.csv)]
   3. Which segment(s) should Sticks target? Provide justification.
3. Provide a recommendation and justification for the next location of Sticks Kebob Shop based on your analysis [Hint: You can find information and descriptions of customer profiles here: https://claritas360.claritas.com/mybestsegments/#segDetails]. You should also provide some thoughts on your positioning strategy, i.e., where/how you will target the market and what message you will take to the market.

Here are the four locations to you can pick from:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Loc.** | **Pop.** | **Median**  **Age** | **Median**  **Income** | **Consumer Spend** | **Consumer Spend Per Household** | **Major Customer Profiles** |
| **A** | 29,321 | 39.1 | $92,700 | $722M | $62,404 | Middleburg managers, Movers & Shakers, Upper Crust, Gray Power, Empty Nests |
| **B** | 34,183 | 32.5 | $31,900 | $482M | $36,720 | American Classics, American Dreams, Aspiring A-listers, Back Country Folks |
| **C** | 42,913 | 32.5 | $55,700 | $754M | $46,828 | Winner’s Circle, Kids & Cul-de-Sacs, Cruisin to Retirement, Beltway Boomers, Executive Suites |
| **D** | 57,509 | 34.8 | $75,500 | $1,184M | $57,880 | Striving Selfies, Upward Bound, Generation Web, Young and Influential, Up and Comers |

Resources available with this assignment:

1. M-0866H1.pdf
2. M-0866H2.pdf
3. M-0866X-Bases.csv
4. M-0866X-Descriptors.csv
5. M-0866X-Data\_Dictionary.csv
6. Segmentation - Sticks Kebob.r