

Choosing a New Restaurant Location

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BY MONICA PARPAL ON AUGUST 29, 2014

RESTAURANT MANAGEMENT, STARTING YOUR OWN RESTAURANT



The best-kept secret in town could stay that way forever if the right precautions aren't taken when finding a location. Intense preparation, exciting menu items and unbeatable service can all prove defenseless when you've settled in a part of town that just doesn't bring the traffic. Whether moving to a new building or starting up in an established location, educating yourself on the area's demographics, real estate value and local competition could be the difference between a short-lived stay or a profitable residence.

Determine Your Target Market

After determining your demographic, target those based on one or more of those shared traits. Are they night owls? Early birds? Will they order more than one drink?

Try to place your restaurant where your target market lives or likely to be at during the week. Commonly targeted market segments include families with children, business professionals and sports fans. If your concept is meant to cater to families, make sure you open your restaurant in a location that will be convenient and enjoyable for families to visit. [More on Target Marketing for Restaurants](#)

Look at Local Area Demographics

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DIG IN

Asian

(32)

Back of the House

(49)

Bakery

(31)

Bar

(96)

Break Room

(13)

Catering

(62)

Chef's Corner

(76)

Coffee

(23)

Concession

(18)

Contests and Events

(9)

Cooking

(233)

Customer Service

(12)

Dining

(7)

Dining Out

(11)



Chances are good that you already have a concept in mind for your new restaurant. Likewise, you probably have your eye on a certain town or city as well. As the prospective owner, it behooves you to do a little digging into the local demographics. This involves researching characteristics of the people who live in the town and neighborhood in which you are thinking about planting your restaurant. Some of the most important demographics to consider include:

## Age Groups

Different people want different things from their community. A senior citizen might was a short stack of pancakes for breakfast while a twenty-something who works nights might be looking for a quick burrito on the way to work. As such, predominant age groups within an area will affect the business trends a restaurant sees. Ideally, you should situate your restaurant in an area with people who will frequent your establishment.

## Population

The number of people in a given area is also important. Research the populations of towns and cities so that you know how large your potential market is. Generally, the larger the populous the bigger the pool of potential customers to serve. However, a small population doesn't always mean poor business.

## Income Levels

By investigating income levels, you will become better aware of what the people in a given area are willing to spend, or what type of restaurant they would be most willing to visit. For instance, a farming community might not be receptive to an expensive, 5-star restaurant in their small town.

## Education Level

Educated people, including college graduates and young business professionals, are drawn to certain concepts more than others. The opposite is also true. Consider the education level of the population in the area and how it will affect your establishment before you set up shop.

## Crime Rate

Where there's a lot of looting, there might not be much fooding. Criminal activity may be a detriment to some locations, since high crime has the ability to drive down an entire neighborhood. On the other hand, plenty of restaurants succeed in high crime areas. For example, restaurants with bars often find success in inner-city or downtown areas, which are often bustling with activity but usually susceptible to higher crime. Even locations with large populations may see more crime than smaller towns, but from a business perspective the larger city may prove more profitable. [More on Demographics for Restaurants](#)

# Analyze Your Competition

Before deciding on a neighborhood or town, check around to make sure there's room for your restaurant. If your intended concept is an Irish pub, but there are multiple establishments with similar concepts already in the area, you may consider looking in a different location. However, you may be able to lure guests who frequent the other pubs to your Irish pub instead, if it has something better or more attractive to offer. For any location you consider, perform some detective work. Map the area and research the other restaurants nearby, where they are located and whatever you can learn about their menus, prices and clientele. [More on Gauging Your Restaurant's Competition](#)

# Consider the Components of Location

Be sure your concept and target market will be able to support your chosen restaurant location, in case of any setbacks. Little problems present themselves for just about every new restaurant, but paying attention to the details of your location can drastically reduce the chances of failure. Consider the following details and how they might affect your choice of location:

## When Desire Outweighs the Difficulties

Equipment Care & Maintenance	(13)
Food News	(92)
Front of the House	(40)
Fun Facts	(59)
Going Green	(61)
Guide to Bar Service Supplies	(7)
Guide to Catering Equipment	(7)
Guide to Cleaning Products	(4)
Guide to Commercial Dinnerware	(5)
Guide to Commercial Disposables	(4)
Guide to Commercial Flatware	(5)
Guide to Commercial Fryers	(4)
Guide to Commercial Refrigeration	(6)
Guide to Commercial Steamers	(4)
Guide to Commercial Warewashing	(6)
Guide to Concession Equipment	(3)
Guide to Food Prep	(3)
Guide to Food Warming & Holding	(5)
Guide to Glassware	(4)
Guide to HealthCare Foodservice	(15)
Guide to Ice Machines	(6)
Guide to Kitchen Knives	(6)
Guide to Ovens & Ranges	(14)
Guide to Pizza Ovens	(6)
Health & Safety	(78)
Holidays	(25)
How To	(213)
Janitorial	(4)
Kitchen	(146)
Party Planning	(38)
Pizzeria	(38)
Q&A	(34)
Restaurant Kitchen Tools & Equipment	(338)
Restaurant Management	(224)
Restaurant Marketing	(130)
Restaurant Menu Ideas	(39)
Restaurant Operations	(2)
Restaurant Trends	(123)
Starting Your Own Restaurant	(67)
Video	(18)
Weekly Deals	(111)

When there is a perceived need for a restaurant like yours in a certain location, there’s a great chance it’ll appeal to people and bring in new customers. In this case, a difficult parking situation or poor visibility may not be a problem. However, start-up restaurants need all the help they can get to solidify a customer base, so do not overlook the benefits of a good location.

## Visibility

Setting up your eatery on a prominent corner at a busy intersection will get you a lot of looks and a lot of traffic. Conversely, a restaurant nestled in a grove of trees barely visible from major roadways will always battle a disadvantage simply based on its location. Unless you got a great deal on the spot or can market your way through the trees, you might want to avoid locations with poor visibility.

## Area Traffic

Determine about how many people walk or drive by your prospective location each day. An area with a lot of traffic usually increases the chances that someone will drop in for a bite.

## Ease of Access

Even with highly visible signage, people will not come to your restaurant if they have a difficult time getting there. If your restaurant is located on a section of road with no easy left-turn into the lot, for instance, people may not feel compelled to go out of their way or make U-turns to eat there. One way to combat poor accessibility is with specific directional signage or easy-to-read marketing materials to help direct customers to your location.

## Parking

People tend to get frustrated with restaurants that offer limited or no parking spaces. While ideally your overall concept and food will outweigh any negatives about parking, you should make it easier for guests to come and go in order to increase business. The easier parking is at your restaurant, the more likely it is people will park there. For areas with little to no parking, valet services could put you over the top.

## Area zoning

Ask your local Chamber of Commerce or a city planner to help determine any important future city zoning measures that could affect your proposed location. If zoning laws for the lot you are looking at are going to be adjusted in the future, it may be prudent to look elsewhere.

## Real Estate Value

The real estate value of your location may be trending upward or downward and it helps to know what to expect. Higher property costs may involve a higher rent payment, but they may indicate a customer base with more disposable income to spend eating at your restaurant. Do your research and see what you can afford as well as what kind of business to expect. [More on Using Your Restaurant’s Location](#)

Your restaurant’s location plays a leading role in the traffic and overall business your restaurant receives. By researching area demographics, outlining a target market, considering visibility, traffic and ease of parking, you will be well on your way to mapping out the best location for your start-up.

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