MGMT 582: Group 17 Final Project - Report

This report presents an analysis for our client, the owner of a family dining restaurant in Brookfield, Wisconsin. Through our research, we identified **16 counties** with demographic profiles like Brookfield that are currently underserved by family dining establishments.

Based on these findings, **we recommend that the client consider expanding into one of the following locations:** Brown County, Calumet County, Chippewa County, Dane County, Door County, Eau Claire County, Green County, Jefferson County, Kenosha County, Outagamie County, Rock County, Sauk County, Sheboygan County, St. Croix County, Washington County, and Waukesha County. **These areas present promising opportunities for successful restaurant branches that align with the target demographic**.

To reach this conclusion, we focused on key demographic and geographic factors. Our aim was to ensure the selected counties matched the target customer profile, offering the best potential for new locations. To refine our findings and ensure a strategic alignment with market opportunities, we posed a series of critical questions that enabled a deeper examination of each area's suitability.

1. With our primary restaurant location being Brookfield, identify and categorize Wisconsin's CBGs into rural, suburban and urban areas.

    To identify and classify potential new locations, we rely on the Census Bureau's urban-rural classification, which distinguishes between urban and rural areas based on population density and housing patterns.

    According to the 2020 Census, an **urban area** consists of densely populated cores, defined by a minimum density of housing units, with adjacent non-residential urban land uses. For a region to be considered urban, it must encompass at least 2,000 housing units or have a population of at least 5,000. Conversely, **rural areas** include all territories, populations, and housing units not classified as urban. These areas are generally characterized by lower population densities and less developed land use.

    Through our analysis we identified that Wisconsin consists of 4489 census block groups (CBGs). The CBGs were categorized as rural, suburban, or urban by defining rural areas as those with a total population of 2,000 or less and fewer than 1,800 housing units, suburban areas as those with a population between 2,001 and 10,000 and fewer than 7,200 housing units, and urban areas as those with populations exceeding 10,000.

    By categorizing Wisconsin's CBGs into urban, suburban, and rural areas based on these definitions, we can identify locations that align with Brookfield's demographic profile. This strategic approach ensures that future expansion will target areas with similar population densities and income levels, improving the likelihood of success.

2. Describe the home CBG, define base criteria that include population, income, and education and address why these are our criteria.

    Brookfield, WI, our home location, provides a clear reference for defining the base criteria for restaurant expansion. While federal definitions do not typically include a "suburban" category, data from the 2017 American Housing Survey (AHS) conducted by

HUD and the U.S. Census Bureau confirm that most Americans (52%) live in suburban areas, compared to 27% in urban and 21% in rural regions.

Base Suburban CBGs in Brookfield
Brookfield contains 41 Census Block Groups (CBGs), of which we have identified 7 as suburban, aligning with the national trend, based on the number of people and the number of houses. These suburban CBGs serve as our focus for further analysis, as their characteristics make them ideal for family-dining establishments. We have narrowed our analysis to three essential criteria: income, education, and population.

Base Criteria for Expansion
1. **Income**: The U.S. Census Bureau defines income as the total earnings received by individuals before taxes or deductions. Since family-dining restaurants typically appeal to higher-income customers, targeting areas where residents have disposable income is crucial. A higher income base increases the likelihood of attracting clientele that can afford premium dining experiences, making income data a key factor in choosing new locations.
2. **Education**: Educational attainment is closely linked to preferences for diverse and sophisticated dining experiences. Individuals with higher education levels tend to appreciate family dining, making education a valuable indicator for identifying potential customers. CBGs with a higher percentage of college graduates are therefore prioritized.
3. **Population**: A substantial population base is necessary to sustain a steady flow of patrons. Family dining relies heavily on a consistent customer base, both from locals and visitors. Analysing population density ensures that any new location will have enough potential customers to maintain profitability.

These criteria help ensure we expand to locations with the economic and demographic conditions to support a family-dining restaurant.

3. Analyse the home CBG. Research the top CBGs that look/behave like those in Brookfield, based on the criteria defined above.

   Our analysis shows that 30-40% of Brookfield's population holds a bachelor's degree, and approximately 10% earn more than $100,000 annually. Based on these benchmarks, we conducted a comprehensive examination of suburban CBGs across Wisconsin that exhibit similar demographic profiles. Using these criteria, we identified comparable suburban CBGs across Wisconsin. Following that, a comparison of CBG-level data with state averages was conducted to determine the ratio of individuals frequenting family-dining restaurants in each county relative to the state average. This allowed us to identify underserved and overserved areas for family dining within the state.

   Focusing specifically on suburban CBGs with populations like Brookfield—where 30-40% hold a bachelor's degree and 10% earn above $100,000—we further refined our analysis to pinpoint potential markets for family-dining establishments. This approach enabled us to target areas with demographic and income profiles likely to support upscale dining venues.

4. Of the CBGs identified from above, which are the top Counties with CBGs that are currently under-served by similar family-dining restaurants?

Based on our established criteria and benchmarks for identifying suitable locations for family dining restaurants, we identified approximately 24 CBGs that met the necessary parameters resembling Brookfield in terms of population, educational attainment and income levels. Among these, 23 were categorized as suburban CBGs, while 1 was classified as an urban CBG. The following 16 counties emerged as the most underserved in terms of family dining options, highlighting significant opportunities for expansion:

1. **Brown County**
2. Calumet County
3. Chippewa County
4. **Dane County**
5. Door County
6. Eau Claire County
7. Green County
8. Jefferson County
9. **Kenosha County**
10. Outagamie County
11. Rock County
12. Sauk County
13. Sheboygan County
14. **St. Croix County**
15. Washington County
16. **Waukesha County**

By refining our focus on these specific markets, we are well-positioned to recommend areas that possess the demographic and income profiles likely to support upscale dining venues. The 5 counties highlighted in bold are the most underserved and should be the client's first set of considerations for expansion.

References
- [Rural v/s Urban v/s Suburban](#)
- [Rural v/s Suburban v/s Urban neighbourhoods](#)