

In The News: Quick Service Restaurants Pick Up Speed in a Slowing Economy

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BANKER & TRADESMAN

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In today's challenging economic environment, it's difficult for developers and business owners alike to predict a company's survival rate. Increases in gas and energy prices have put the brakes on transporting and traveling, and the skyrocketing cost of food has many restaurateurs starving for profits.

You've most likely experienced the impact already. Favorite sit-down restaurants seem to be empty on most weeknights with would-be customers opting to cook at home or wait for the weekend to splurge on a meal out. So, where's business booming?: Quick Service Restaurants (QSRs).

It is estimated that more than 25% of adults eat at fast-food restaurants on a daily basis. This is one trend that doesn't seem to be slowing, along with the economy.

The QSR industry is thriving, in part, because customers are looking for value pricing. Even though casual dining supply growth is dropping, none of the numbers indicate that people are giving up dining out -- they're just looking for a less-expensive price point when they do dine out.

If you're a franchiser, developer, or business owner thinking of expanding your physical space with an addition, remodel, or a whole new QSR, follow this advice.

Pick a good builder

Be sure to choose wisely when picking a construction firm to build out your physical space, one that comes highly recommended, has great references, and has worked on similar projects in your sector. You'll optimize time and money if you make the right choice up front.

Open quickly

The faster you can open your doors to a public hungry for your products or services - in this case, food - the better chance you'll capture a good share of your target audience. If you advertise or post an opening date, make sure your builder can meet those deadlines. Never open without being 100% done with the build-out or remodel.

Multiple Branding Sites

Consider joining with other business owners, or, if you can handle it on your own, open a "multiple branding site" - one large restaurant that includes several major chains onsite to satisfy a variety of customer needs. This works for groups who want to please their entire party in one quick trip, and for business owners who want to split the rent but not the profits.

Focus on a space that will allow business during "fringe" hours

More QSRs are reverting to the "carhop model," by extending traditional eating hours or staying open around the clock with convenient drive-thru service. These venues are being frequented by the younger set, who have more disposable income to spend on quick meals and speedy service; the demographic with which the fast food industry is seeing most of its growth. Operators of QSRs should allow for changes to their physical space to accommodate future trends.

Give customers options, but don't fix what's not broken

By giving customers new options, be it value pricing on combo meals, or new offerings like McDonald's McCafe menu, you'll engage your current clientele, with the option of capturing an additional share of the market. That's not to say you should

stop offering the staples that made you successful in the first place. Think outside the take-out container and test-drive some new ideas.

Your builder should understand your goals, from design and preferred materials, to your timeline, and everything in between.

In 2005, Americans spent roughly \$127 billion at quick service restaurants, and those numbers are growing. To be successful in today's market, build your business after careful research, painstaking planning, meticulous accounting, and with solid construction. Only then will you know you've truly protected your investment.

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*If you can envision it,
we can build it.*

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