

THE BUFFALO SPOT[®]

SECRET SAUCE

Building a Dynamic Business in the Competitive QSR Market





When most people think of owning a franchise business, a restaurant is often the first thing that comes to mind -- and with good reason. While franchising has expanded into almost every sector of the American economy, franchising's growth is still largely credited to quick service and fast casual restaurant franchises.

The Buffalo Spot is one of fast-casual's most recent rising stars: what started as an idea to combine two favorites (buffalo chicken and fries) led to The Buffalo Spot's world famous buffalo fries and eventually to the opening of the first Buffalo Spot in Long Beach, California in December of 2013. The demand was so high that The Buffalo Spot brand quickly expanded, adding two more locations in San Diego and Los Angeles in 2014. A few short years later and The Buffalo Spot is now preparing to meet customer demand throughout the U.S. However, it's not just the concept's famous buffalo fries and special sauces that are creating interest.

The Buffalo Spot franchise opportunity also highlights numerous examples of the benefits of owning a fast casual restaurant franchise.

STEADY DEMAND AND INDUSTRY GROWTH

Few things in life are certain: death, taxes, and the need to eat. Fast-casual is the fastest growing segment of the restaurant industry, making up 18% of limited service restaurant offerings and earning approximately \$47 billion in annual revenue in 2016 (a rate that has steadily increased over the past decade). As a whole, the fast casual industry experienced an 8.1% growth rate between 2016 and 2017. By 2021, it is expected that the fast casual segment will represent 33% of limited service dollar growth.¹

This is due largely to changing trends in the way that people view dining out. While going to a restaurant was considered a rare treat several decades ago, it has become the weekly norm for most Americans. According to the Bureau of Labor Statistics, the average household spends an average of \$3,008 per year on dining out² with 45% of diners eating out multiple times a week and another 20% going out to eat once a week.³ For reference, in 1955, the restaurant industry comprised 25% of the family food dollar. In 2019, that number rose to 51%.

Whereas some franchise trends come and go (think of flash-in-the-pan food trends or fad-based entertainment options), people will always need to eat and will continue to seek out diverse dining options.

¹ Technomic State of the Fast Casual Industry, National Restaurant Association (2017).

https://www.restaurant.org/Downloads/Events/FCIC/17_SHOW_PPT_5-4-compressed

² Consumer Expenditures (2017), Bureau of Labor Statistics,

<https://www.bls.gov/opub/reports/consumer-expenditures/2015/pdf/home.pdf>.

³ 2019 Restaurant Industry Factbook, National Restaurant Association,

https://www.restaurant.org/Downloads/PDFs/Research/SOI/restaurant_industry_fact_sheet_2019.pdf.





NICHE MARKET OPTIONS

One of the best things about the fast-casual sector is the ability for niche cuisines to stand out among the traditional dining options such as pizza, Mexican, and sandwich/sub shops. The 2019 Fast Casual Industry Analysis report found that concepts with a niche-focus such as BBQ, health-based or with a specific ethnic focus grew 17%. In fact, chicken-based establishments grew at 16% in the past year while restaurants with menu items catering to the specific regional tastes of their population are also doing very well.⁴

The Buffalo Spot brand has excelled due to two major factors: our unique menu items and a targeted market niche. All recipes and sauces are proprietary and cannot be found elsewhere, thus making The Buffalo Spot experience unique to customers. At the same time, Buffalo Spot has chosen to focus exclusively on a streamlined set of best-prepared menu items, rather than trying to offer as large a selection of menu items as full-service restaurants.

⁴ Fast Casual Industry Analysis 2019 - Cost & Trends,
<https://www.franchisehelp.com/industry-reports/fast-casual-industry-analysis-2018-cost-trends/>

LOCAL CONVENIENCE, FLEXIBLE DINING OPTIONS

Another benefit of fast-casual restaurants is that many offer both take out and on-premise dining options, appealing to more consumers than either traditional dining or quick service. Additionally, customers generally make decisions about restaurants based on location. Thanks to technology such as restaurant review apps and social media, consumers are easily able to use technology to look for fast casual restaurants in their local area.

TECHNOLOGICAL ADVANTAGE

Technology continues to propel fast-casual growth as many fast-casual restaurants, including The Buffalo Spot, offer online ordering and mobile-responsive websites. Increasingly, consumers are interested in leveraging technology to streamline or improve their overall eating experience. Three-quarters of consumers surveyed will at least view menus on their smartphone before trying a new location, and almost 40% indicate they will pay with their phone when they can. Almost a third of consumers indicated that they are receptive to text message marketing as well.⁵ Add in delivery apps such as Grubhub, DoorDash, and UberEats and restaurant delivery has really become as simple as the push of a button.

⁵ Fast Casual Industry Analysis 2019 - Cost & Trends, <https://www.franchisehelp.com/industry-reports/fast-casual-industry-analysis-2018-cost-trends/>





COMPLETE SYSTEM

One of the best things about owning a restaurant franchise, rather than starting a restaurant from scratch, is the fact that a franchise system guides franchisees through the startup process and also provides a blueprint for ongoing growth with operations manuals, marketing guidelines, and franchisee support programs. From a comprehensive startup package to daily operations checklists to proprietary recipes to a standardized POS system, the franchise business model provides franchisees with a roadmap for running their business.

BRAND RECOGNITION

Another important factor is brand recognition. Consumers are generally likely to become more aware of a brand based on the number of impressions they have from the brand. With franchising, national ad campaigns combined with local grassroots marketing efforts double the amount of exposure for potential customers. At The Buffalo Spot, franchisees benefit from innovative national branding as well as customizable local marketing, public relations, and social media marketing plans.

BETTER SAVINGS

Franchising also generally allows a franchise system to leverage their collective buying power and in return, pass the benefits onto their franchisees through lower inventory prices, bulk savings, and significant vendor discounts. Some estimates place franchise bulk discount savings up to 23% compared to independent restaurants.

FINDING THE PERFECT FRANCHISE MATCH

The immense range of options for a franchisee can be quite overwhelming when it comes to finding the perfect franchise brand and location. A franchisee should ask himself or herself the following questions when deciding on a franchise to purchase:

- What are my personal strengths and weaknesses?
- What franchise system will best benefit from my prior experience?
- What am I passionate about?
- What does my market want?
- Who is my target demographic?
- What business would fit in the best in my current market?
- What location would be best suited for my target demographic?
- Is this franchise system's growth strategy in line with mine?
- Where do I see myself in five years? Ten years?

A PERSONAL TOUCH

A restaurant is the type of business where people come together to enjoy time with family, friends, or coworkers. The Buffalo Spot is a company that has come to be known as not only a place where customers are served the best wings and our WORLD FAMOUS BUFFALO FRIES; but is a family friendly "SPOT" where, unlike any other wing places, there is great pride taken in serving the best quality food, but also in treating guests, their family, and their friends, with the care and respect. A restaurant franchise is a great way to strengthen your ties to the local community and develop lasting bonds with your customers.





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For more information about owning a Buffalo Spot franchise,
visit <http://www.thebuffalospot.com/franchise/>

These franchises have been registered under the franchise investment law of the State of California.
Such registration does not constitute approval, recommendation or endorsement by the Commissioner of Business Oversight
nor a finding by the Commissioner that the information provided herein is true, complete and not misleading.