

CASE STUDY

Marco's Pizza

“PITNEY BOWES BUSINESS INSIGHT HELPS US DEVELOP SOLID GROWTH PLANS USING STATE-OF-THE-ART LOCATION INTELLIGENCE TECHNOLOGY.”

Jack Butorac, Jr., President, Marco's Pizza

PIZZA RESTAURANT PRIORITIZES REGIONAL AND NATIONAL TERRITORIES FOR EXPANSION WITH LOCATION INSIGHT.



Challenge

Marco's Pizza needed to accurately and efficiently determine the number of supportable stores within a market, region and national level so that it could value territories and prioritize sites and markets for expansion.

Solution

Marco's Pizza chose Smart Site Solutions, a Predictive Analytics model that works on Pitney Bowes Business Insight's AnySite software platform, to provide them with a means to evaluate sites and markets for deployment. The results of Smart Site Solutions market studies are delivered securely to Marco's Pizza using AnySite Online.

SUMMARY

Marco's Pizza, founded in 1978, is a 172 store Toledo-based pizza chain known for its “Authentic Italian Pizza.” Marco's Pizza emphasizes its authentic Old World Italian heritage and Tuscan roots, making dough fresh from scratch and hand-rolling it every day. Its pizzas are made with a blend of three “fresh never frozen” cheeses and an old world sauce recipe developed by Pat Giammarco—the original founder of the chain.

With continued record breaking chain growth, the increasing popularity and demand for franchises and aggressive plans to quickly more than double the size of their chain in the coming years, Marco's Pizza needed to find the best way to optimize the efficiency of their strategic real estate decisions, including: valuing franchise territories; choosing the most profitable sites and markets for expansion; planning and forecasting of growth to obtain financing; and ensuring that units and territories did not cannibalize or encroach on one another.

Marco's Pizza recognized that it needed location intelligence technology to accurately determine the number and placement of supportable stores in each market, region and across the nation. Marco's Pizza selected Pitney Bowes Business Insight based on its proven track record in helping leading retail and restaurant chains successfully grow their brands.

Pitney Bowes Business Insight assists Marco's Pizza to address the following strategic real estate questions:

- What is the maximum build-out within each market, and nationwide?
- What are the best new markets to develop?
- Where are the infill opportunities in existing markets?
- What is the priority of sites for deployment?

Pitney Bowes Business Insight's Predictive Analytics team customized a Smart Site Solutions® model for Marco's Pizza that would help the real estate team identify the best markets for expansion, determining maximum build-out, positioning and ranking for viable target sites. Customized Smart Site Solutions models account for critical restaurant deployment issues such as trade area size, minimum required sales threshold and buffer distance between sister locations and also incorporate a specific customer demographic and lifestyle profile for the chain when evaluating sites and markets. Pitney Bowes Business Insight used the actual address-based customer data from Marco's Pizza to create a PSYTE® Advantage profile of its customers, which is used to help quantify demand in prospective locations (each PSYTE cluster can be weighted for its potential contribution to sales).

“PITNEY BOWES BUSINESS INSIGHT IS HELPING US TO CONTINUE DEVELOPING SOLID GROWTH PLANS WITH ITS STATE-OF-THE-ART LOCATION INTELLIGENCE TECHNOLOGY.”

Jack Butorac Jr., president of Marco's Pizza

RESULT

Smart Site Solutions takes the factors that affect demand for a given concept (trade area extent, in-profile customers, daytime populations, competition, sister store locations) and uses them to create a “demand layer” for the brand that identifies areas of high and low brand potential. In a systematic fashion, the application then evaluates a series of seed points as potential sites and indexes each for trade area sales potential. Each seed point is evaluated according to user-defined parameters for sales volume. For example, each new seed point must represent at least \$550,000 in annual sales potential. Minimum buffer distances are maintained between locations to mitigate cannibalization. Smart Site Solutions can evaluate existing markets for infill opportunities, or “greenfield” markets with no existing brand locations. Smart Site Solutions outputs the number, placement and priority of sites and indexes each for trade area sales potential. Studies can be conducted for any market size—local, state, regional or national.

The results of the Smart Site Solutions studies are deployed to Marco's Pizza securely via the Internet using Pitney Bowes Business Insight's AnySite® Online platform. AnySite Online supply interactive mapping and

reporting functionality to examine market level deployment strategies and individual site opportunities. The result is a listing of realistic sites with high sales potential.

Since Marco's Pizza began working with Pitney Bowes Business Insight in 2005, the chain has grown into 10 new states, which includes Oklahoma, Nevada, Arizona, Tennessee, Florida, Virginia, Wisconsin, Alabama, Iowa and North Carolina and will within this year add California, Texas, Georgia and South Carolina to the list. As a result, Pitney Bowes Business Insight is working with Marco's Pizza to update the Smart Site Solutions analysis, which was originally completed in 2005, utilizing data from the new restaurants that have been built and accounting for any new customer dynamics that may exist.

Marco's Pizza has sold over 750 new locations and opened approximately 70 new locations in the last few years, using Pitney Bowes Business Insight solutions as driver for site selection and territory size. The chain plans to sell an additional 500 new locations over the course of the next 12 months.

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THE PITNEY BOWES BUSINESS INSIGHT ADVANTAGE

With Pitney Bowes Business Insight solutions, Marco's Pizza can identify new markets where the customer and competitor landscape are optimal for new sites, helping to limit risk as much as possible. Using Smart Site Solutions and AnySite Online, the restaurant chain has the tools to generate maps and reports that quantify and prioritize the best opportunities for expansion, enabling Marco's Pizza to take a more strategic approach to its real estate decisions and support its aggressive goals for growth.