

# Restaurant Research's Benchmark Analysis Report

## Church's

5/7/09

### Executive Summary

Church's is right for the time. This reflects a strong value message around a healthy protein that is successfully marketed to the urban market. Granted, bone-in chicken as a category is not doing particularly well, but even this food type seems to sell at the right price. In addition to its traditional, every day home meal replacement value, the chain further introduced a permanent 8 item value menu which works for individuals as well. Fortunately, because of its value positioning, Church's has not had to search out ways to bolster flagging bone-in demand with new proteins or new menu platforms to further complicate the operational challenges of preparing fried chicken. Rather, sales strength reflects share increases for the segment's third largest player (which is less than a fifth the size of leader KFC) – a growth strategy that works as well as any. While operations and speed of service do not represent the chain's strength, it is making progress here in marginal improvements that should help over time. Notably, operational improvements are clearly needed as the chain's very small footprint size of its legacy stores means top-line limitations at the store level. Fortunately, Church's has room for expansion even in its urban target market (with under \$1B in system-wide sales) which we expect will be facilitated by the quick adoption of its Tower building prototype because of its attractive investment return profile. In conclusion, it is our opinion that the Church's chain is well positioned for the foreseeable future.

### Table of Contents

	<u>Pages</u>
Strategy	1-2
System statistics	3
Sales performance	4
Operational performance	5
Unit level data	6-9
Remodeling	10
Franchisee overview	11

### RR Clients

Includes major lenders, investors, major US restaurant chains, operators and industry consultants. Please check [www.ChainRestaurantData.com](http://www.ChainRestaurantData.com) for a partial client list and customer testimonials.

### More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at [info@ChainRestaurantData.com](mailto:info@ChainRestaurantData.com) or 203-405-1901.