



Church's Benchmark Report

Executive Summary

Church's specializes in Southern-style, hand-battered, double-breaded fried bone-in chicken (available in Original & Spicy) which is freshly prepared throughout the day in small batches. This 60+ year old brand is very well established as a key chicken segment player (especially within core markets) although it faces: stiff internal competition from KFC and Popeyes; increased external competition from QSR sandwich discounting to go with this segment's strong incursion into chicken products; increased competition from supermarkets; and a secular trend towards healthier foods & boneless chicken. Also, a brand orientation towards a lower income, inner-city demo (big users of fried bone-in chicken) means that value remains a critical aspect of their business which requires Church's to offer sufficient discounts during this extended period of consumer weakness. Notably, brand management is not sitting still and the system has progressed in improving operations (increased system consistency & freshness driven by cooking smaller batches of chicken, more frequently with an operational focus on friendliness & service speed) that opens the door for a new marketing team that is implementing the following new tactics for 2018: stronger dual-language messaging; more compelling traffic-driving LTOs; focus on developing menu product segments with high growth potential (including portable boneless); and the development of creative ways to maximize share for core menu items (specifically bone-in chicken). While we like this focus, it is notable that the chain's relatively small marketing budget translates into less media efficiency and a general lack of access to national programming which complicates the task. In conclusion, while Church's is executing around a solid strategy, sales continue to be challenged by a difficult operating environment which impedes unit level profitability and development, thus requiring more patience for stake holders.

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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 or 203-938-4703.