



How CKE Grew Their Business with Mapitude

Executive Summary

As the CKE Restaurant Holdings, Inc.'s two popular restaurant brands, Carl's Jr. and Hardee's, grow in the U.S. and in several international markets, managing franchise territories has become more complex, while the need to integrate disparate sources of business data has escalated. To overcome this, CKE relies on Mapitude to simplify territory identification and allocation, as well as to improve franchisee satisfaction through providing insightful market intelligence thereby increasing opportunities for success.

Business Challenge: Franchisee Trade Areas

One of the major issues that franchise businesses encounter is territory disputes whereby one franchisee's business is positioned too close to another's, resulting in cannibalization. In order to prevent the adverse effects of this phenomenon, a franchisee is typically awarded an exclusive area where no other franchisees of the same brand can set up shop. This practice helps to limit the risk of cannibalization.

CKE uses a sophisticated method of assigning franchise territories and scoring of potential trade areas that is based on a variety of factors including demographics, competition, and other socio-economic data. When a franchisee invests in one of CKE's brands, their Development Agreement will reflect the territory and trade area potential based upon this data. To minimize risk of franchise overlap, CKE uses these geographic tools to properly target trade areas that are a sufficient distance away from one another.

CKE deploys Mapitude to delineate its franchise territories, as well as providing its franchisees with market maps highlighting existing restaurant proximities, competitor locations, and target areas for future growth. It has become a critical tool for CKE's franchisees, who can easily comprehend the complex and dynamic components of their specific markets, allowing them to focus on the development landscape.

Previously, when evaluating trade areas for a new franchise, CKE relied on individual variables such as basic Census characteristics, competition, and activity generators. The data were sourced across various platforms and software products throughout the organization, and came in a variety of unintegrated file formats. It was difficult to get a clear picture of those market areas with the highest probability for success, even though CKE knew the key variables associated with their highest performing locations.

The Solution

Caliper Corporation provided Mapitude as the solution, allowing CKE to efficiently unify their location-based data and to display that information in a single map. Mapitude supports quick and easy territory management, allowing CKE to achieve 3 key objectives:

- Determine market capacity for any given franchisee territory
- Highlight and prioritize target trade areas for franchisees
- Conduct accurate and meaningful site evaluations

In summary, CKE uses Mapitude to create a development "blueprint" for future restaurant development.



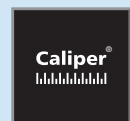
Customer Profile

CKE Restaurants Holdings, Inc. owns, operates and franchises some of the most popular brands in the quick-service restaurant industry, including the Carl's Jr.®, Hardee's®, Green Burrito® and Red Burrito® restaurant brands. The CKE system includes more than 3,300 restaurant locations in 42 states and in 28 countries. CKE is headquartered in Franklin, Tennessee.



"Mapitude helps our franchisees navigate through the clutter, and focuses them on areas where there is the greatest likelihood for success."

Mike Sawyer
Director of Market Planning, CKE



Results & Benefits

Highlighting and prioritizing target trade areas for franchisees

Maptitude mapping software provides CKE with the suite of tools they need to create franchise territories, including extensive demographics, consumer segmentation data, and address/postal geocoding and validation.

Often a territory is an area that is made up of several smaller areas merged together. For example, franchise territories might be made up of groups of postal zones, neighborhoods, or other regions.

Maptitude can build the franchise territories and compute the attributes and demographics of each one, helping CKE to determine the optimal territory for its franchisees.

Maptitude is used to provide market maps to CKE franchisees that show the trade areas that are most desirable versus least desirable. This helps maximize store revenue through enhanced site placement, reduces risks associated with territory 'overlap,' and improves market penetration.

Future restaurant locations

Maptitude makes it easy to use maps to analyze and understand the best locations for franchise site selection. Maptitude is a powerful combination of site mapping software and geographic data that provides everything CKE needs in a GIS/Mapping system to make informed decisions.

CKE uses Maptitude to:

- Ensure that future restaurant locations are in areas that are appropriate to develop and in targeted growth markets
- Delineate franchise territory boundaries awarded to their franchisees
- Match up franchisee capabilities and the development interests with the restaurant potential of a market area

Maptitude is also used to optimize development within the territories. When a new restaurant location is proposed, CKE use Maptitude to make sure that the site falls within the assigned territory, and is not too close to an existing location, thereby reducing the risk of sales cannibalization.

Real estate analytical tool

Maptitude empowers property researchers with fundamental mapping and geographic analysis tools needed for commercial real estate applications. With Maptitude, CKE can visualize locations and evaluate them based upon desirable characteristics that are unique to CKE and its 2 brands.

CKE use the Maptitude analytical tools to assess lists of available real estate properties in terms of their local demographic data and proximity characteristics in order determine the efficacy of acquisition/conversion strategies. For example, when competitor units are closed and made available for conversion, CKE can analyze the surrounding trade areas to determine which sites synch up with the preferred characteristics that CKE knows are consistent with its successful locations. Once feasibility is established, CKE conducts proximity analysis and communicates availability of desired property to appropriate franchisees.

Technology Used

CKE chose to use Maptitude mapping software because of its extensive location intelligence capabilities, broad range of relevant socio-economic demographic data, and user-friendly design ethos.

Maptitude is a cost-effective and comprehensive mapping and data product. Maptitude enables organizations such as CKE to leverage their location-based information to improve decision making and planning, while minimizing expenditures. Maptitude includes everything CKE required for geographic market analysis, is regarded as an easy-to-use professional mapping product, and costs only us\$695.

For more information, please visit the Mapping Software Store at <https://www2.caliper.com/store>, e-mail sales@caliper.com, or call U.S. Sales at +1 617-527-4700.

“Maptitude helps us optimize franchise territories enhancing our ability to develop successful, sustainable restaurant locations. It enables us to evaluate multiple variables simultaneously so that we have a better opportunity to minimize risks associated with development and maximize chances for success based on our unique criteria.”

Mike Sawyer
Director of Market Planning, CKE

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