



# Tactical-Market Sequencer



## Background



Tasti D-Lite's mission is to make every customer's day better by providing great-tasting treats that are good for them; served enthusiastically by tasteologists who love what they do. Tasti D-Lite operates a network of approximately 60 Tasti D-Lite Centers that promote a celebration of life and health by serving a proprietary soft serve frozen dairy dessert that is lower in calories, fat, and carbs than ice cream. Tasti D-Lite's swirly goodness can be found in more than 100 fabulous flavors.

Tasti D-Lite has been in business for more than 20 years almost exclusively in the borough of Manhattan, New York and is now spreading its wings globally, with Tasti D-Lite Centers opening across the U.S. and around the world. Following new ownership and the arrival of a world class franchising management team, the company is now planning to open five hundred (500) new Tasti D-Lite Centers utilizing a franchising business format.



## The challenge

Looking at the 331 metropolitan areas that exist in the United States, identify those areas where the company should establish its banner's presence, based upon a composite affinity index vis-à-vis the company's values. Estimate the potential number of franchises per metropolitan area in order to focus upon certain areas where it would be worthwhile to open several outlets in order to create a significant impact in the market and simultaneously minimize various start-up costs.

The company has no data on the origin of its customers, their consumption habits and has a relatively small budget for undertaking such an analysis



New York Network



## The solution

Initially, Indicia suggested that a sheet of paper be placed beside the cash register in each outlet so that customers could write down their ZIP code and indicate if they lived close by, or worked in the neighbourhood. This simple method provided a means for collecting several thousand customer ZIP codes in each of the outlets, in addition to obtaining certain statistics with regard to local customers, the customers in transit, the day customers versus evening customers, etc.

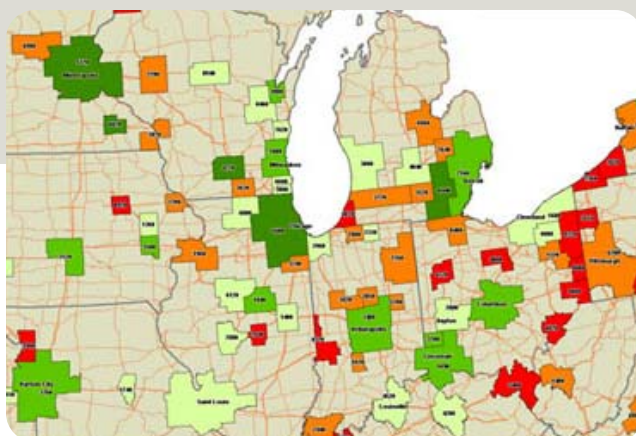
These ZIP codes also helped us define the commercial zones of each outlet, the distance that consumers were willing to travel to go to a Tasti D-Lite and the number of people, households and workers required in a commercial zone to profitably support a franchise without cannibalizing\* other outlets in the network. In order to build its model, Indicia also made use of data from several sources regarding consumption habits of Americans with regard to desserts, ice cream, frozen desserts, sporting goods, doing physical

exercise, nutritional preferences and overall behaviour regarding one's health. This data gave rise to the creation of certain indices by commercial zone.

In all, nine variables were identified that were significantly correlated with the sales reported in the existing outlets in the network. These nine variables were then used to create a composite index that was applied to each metropolitan area. The business rules thus established were used to estimate the number of potential franchises that each metropolitan zone could support.

The existence of a high composite index and a potentially high number of franchises then enabled us to identify and prioritize some 20 of the most promising markets.

**Green Areas  
are high potential  
for Tasti D-Lite**



## Conclusion

Starting off with a very large universe, namely, the United States and its 331 metropolitan areas, Indicia was able to build an analytical model that helped Tasti D-Lite to focus its efforts to sell franchises in some 20 metropolitan areas, where the projected sales of its products would be the most promising.

The results of this analysis were transferred to the Tactician Online platform, which enables Tasti D-Lite business executives to use the functionality of the Territory Manager and thus manage the deployment and sale of regional franchises within the selected metropolitan areas, so as to minimize cannibalization and optimize site location.

\* A cannibalization zone is an area in which several outlets belonging to the same brand or chain are competing with one another. It covers the intersection of the commercial zones of two outlets that belong to the same banner. A cannibalization zone that is too big indicates a poor distribution of the chain's outlets and thus, a lower overall efficiency of the sales network, in terms of its coverage/cost ratio.

This analysis was done with the technology of TACTICIAN software.

**Tactician**  
prepare to win