



Retail BrandScore Brief

BrandScore Brief, brought to you by TheRetailPlanet.com highlights analysis of specific retail situations throughout the US and the world landscape.

Are there any good McDonald's locations left in the US?

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The Problem: There are over 13,000 McDonald's locations in the US, and many markets seem to be at or near the saturation point. True or false?

To answer this question we did a Retailer BrandScore* analysis of all 830,000 Retail Districts* in the United States asking the question, "How much potential does each district have to be a successful McDonald's location?"

The Methodology:

- All US markets were analyzed to find high scoring districts.
- We found that current McDonald's locations have an average BrandScore* of 142.
- All Retail Districts* within two miles of a current McDonald's were eliminated from consideration.
- Our Analysis only included Retail Districts with an 175+ "Excellent" McDonald's BrandScore (the top 25% of locations)
- When a district was selected, nearby districts were eliminated from further consideration.

The Results: The McDonald's Site Selection team can relax. There is room for a couple of more locations, in fact, ~7500 locations to be exact! These are almost evenly divided between small towns and cities, although the highest scoring locations are in cities - because support from surrounding retailers (synergy) is generally stronger. The top 10 markets with most number of possible locations are as follows (see next page).

Notes:

- A "Retail District" is defined as a one kilometer square area.
- Retailer BrandScore for McDonald's measures key factors that determine the success of retail locations including the strength of customer sources such as households in the trade area that use McDonald's, daytime activity from shoppers and employees and nearby, synergistic retail activity.
- Download the latest book by Dr. Richard Fenker, "[How Retailers Find Their Place, Introducing BrandScore](#)" to learn the full story behind the BrandScore technology .



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CBSA Name	Existing Number of McDonald's Locations	Number of Possible McDonald's Locations
Boston-Cambridge-Quincy, MA-NH	149	131
New York-Northern New Jersey-Long Island, NY-NJ-PA	475	112
Minneapolis-St. Paul-Bloomington, MN-WI	134	65
Atlanta-Sandy Springs-Marietta, GA	237	58
Washington-Arlington-Alexandria, DC-VA-MD-WV	272	57
Detroit-Warren-Livonia, MI	224	51
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	182	49
Baltimore-Towson, MD	117	46
Hartford-West Hartford-East Hartford, CT	53	45

In addition to the larger cities, there are [around 200](#) mid-size and small-town markets with potential for 6 or more excellent McDonald's locations in the US. Lets look at the top 10 markets in the medium and small town market category.

CBSA Name	Existing McDonald's Locations	Number of Possible McDonald's Locations
Lancaster, PA	16	44
Reading, PA	12	36
Kingsport-Bristol-Bristol, TN-VA	22	28
Traverse City, MI	18	27
Manchester-Nashua, NH	14	26
Barnstable Town, MA	4	26
Norwich-New London, CT	12	24
Hickory-Lenoir-Morganton, NC	18	23
Trenton-Ewing, NJ	6	23
Keene, NH	3	22



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Most of the existing McDonald's deployment is targeted towards high retail concentration districts. This is consistent with the fact that synergy and draw power from surrounding retailers is very important towards the success of the store. However this raises the question of "Does it make sense to locate in low retail settings as well?" That may be a harder question to answer without some performance metrics but what we see is that McDonald's has done that in several larger markets, for example Chicago. Let's look at the Chicago market to see how the existing locations perform in different types of retail districts.

Market	Number of Retail Stores in the district	Number of Existing McDonald's Stores	Average BrandScore
Chicago-Naperville-Joliet, IL-IN-WI	No-Very Low Retail	35	127
	Low Retail Density	31	139
	Average Retail Density	76	149
	Good Retail density	133	151
	High Retail Density	145	119

This reinforces our above finding that most retailers tend to perform better in close proximity with other retailers. However what we learned is that there is a tipping point beyond which this does not hold true which is seen above. Now, let's look at the similar data with regards to the possible locations for McDonald's in Chicago.

Market	Number of Retail Stores in the district	Possible McDonald's Stores	Average BrandScore
Chicago-Naperville-Joliet, IL-IN-WI	No-Very Low Retail	12	186
	Low Retail Density	6	184
	Average Retail Density	13	190
	Good Retail density	5	192
	High Retail Density	1	197



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We feel this is good news as there is potential for McDonald's to move towards lighter retail as the possibilities are more compared to heavier retail districts. Of course this is just the starting point towards site selection. There are few more steps here: fine tune the above model with performance, measure the impact of site features like visibility, signage, store prototype, store image and last but not least impact of operations and marketing. BrandScore database has been created so that taking these steps is very quick (~1-2 weeks) and accurate due to the presence of more than a million data points already calculated and stored per district. There is no end to the different slices of data and intelligence that can be gleaned using our Retailer BrandScore methodology for any brand. If you would like to see more detail on above or intelligence on a different market please contact us and we would be happy to share what we have learned.