

February 2023

10 Regional Powerhouses to Watch: Top Brands Dominating Local Markets

Dive into the location intelligence data to see which 10 brands are dominating their local market and making a mark on their region – and beyond.

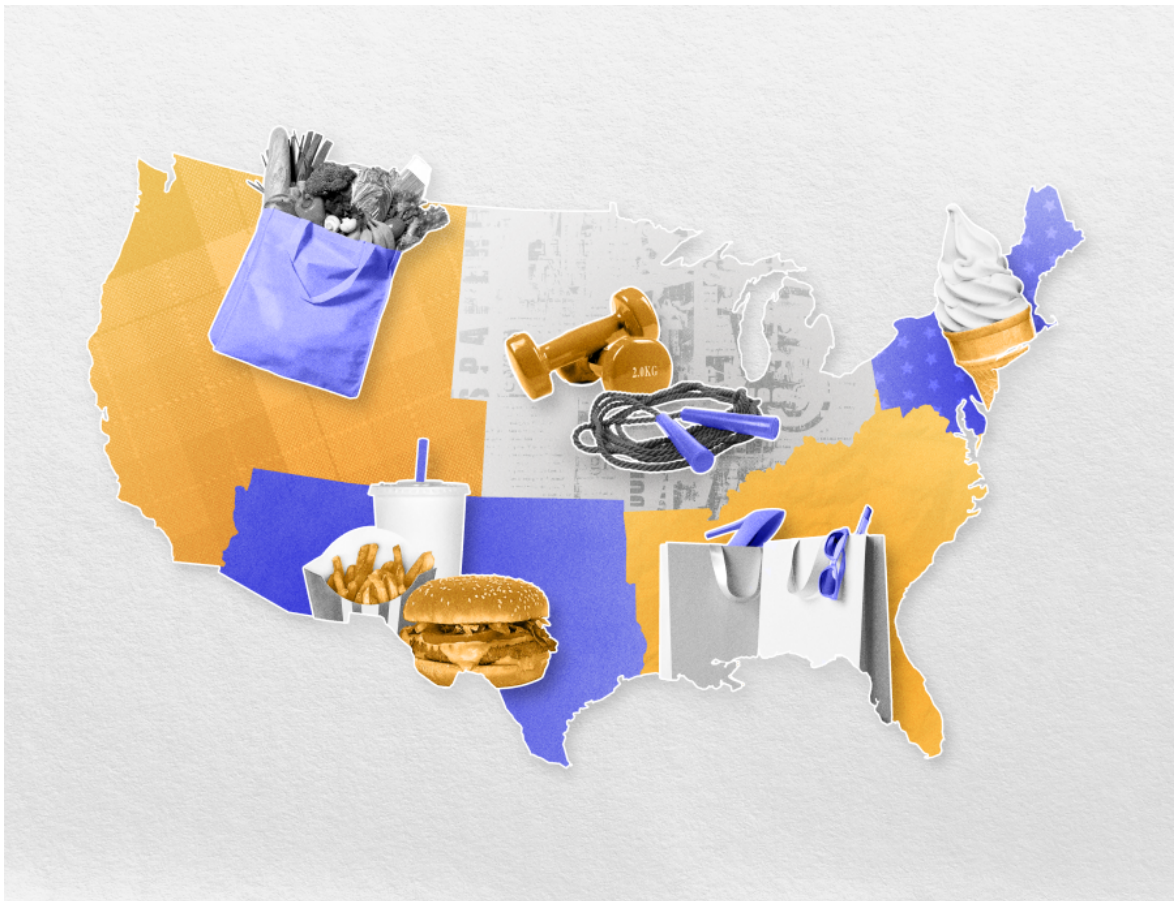


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Regional Powerhouses Leading Their Categories

The U.S. offers a wealth of retail choices, with a wide range of shopping options available to consumers nationwide. But within this retail landscape, there are plenty of regional powerhouses. Some brands have a presence in only a handful of states, while others have hundreds of locations within a region and are eyeing national expansion plans.

This white paper examines 10 companies across five different retail and retail service categories that are highly successful in their region. Most began as small, local companies adapted to local wants and needs and have now grown into leading brands in their space. Some have expanded – or are planning to expand – into new markets, while others are choosing to focus solely on their current region. But although the different businesses have different approaches to expansion, all these companies have established a strong foothold in their respective markets and are well-positioned for future growth.

Top Regional Grocery Chains

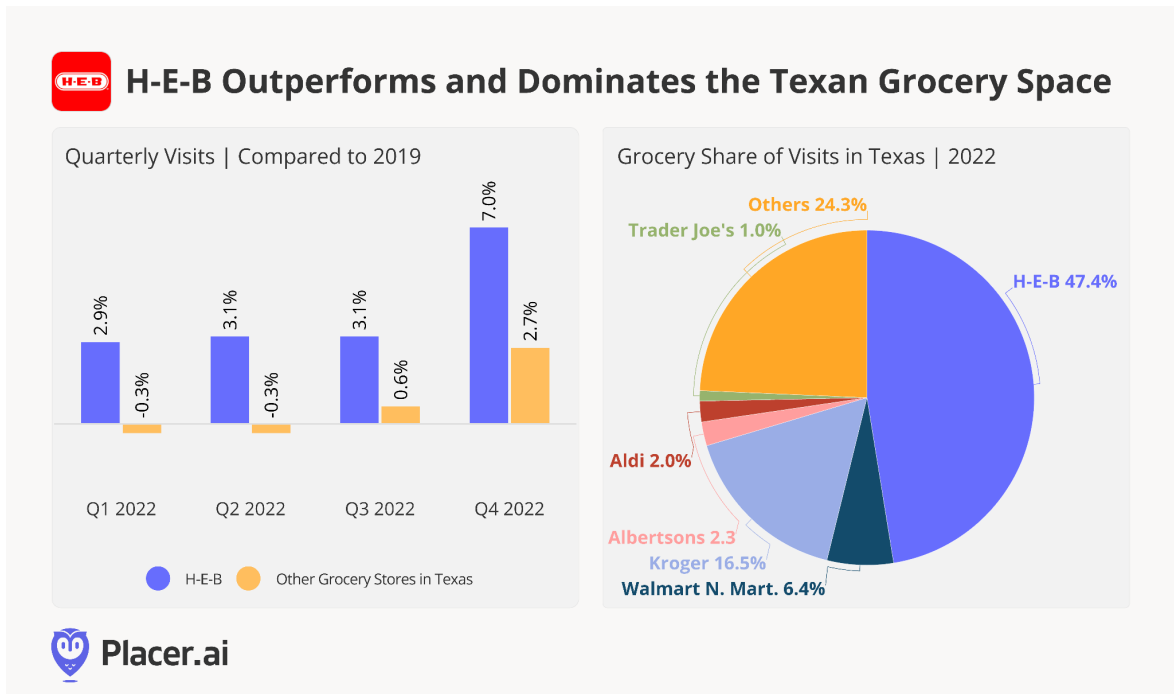
Many retail categories are dominated by large national players, but the U.S. grocery market is relatively [fragmented](#). Regional chains often find success by focusing on the needs of their local customers and by expanding organically. We take a look at some regional success stories below.

H-E-B: Cult-like Following Leads to Steady Growth

H-E-B is more than just a grocery store – the Texas brand has been dubbed "[the cultiest cult grocer](#)." The chain, which boasts around 340 stores in Texas and north Mexico, began in 1905 and appeals to Lone Star State's residents' sense of regional identity. H-E-B also has a reputation as an [excellent employer](#) – which likely means that its stores are well integrated in the communities they serve.

H-E-B is by far the most popular grocery chain in Texas – in 2022, the chain captured 47.7% of all grocery visits within the state, while Kroger – one of the largest grocery chains in the country – captured 16.5% of the visit share.

Against this backdrop, it's no surprise that H-E-B also experienced positive foot traffic growth throughout 2022 compared to 2019. In Q4 2022, the grocer saw 7.0% more visits than three years ago, partially thanks to the company's [aggressive expansion](#). In contrast, foot traffic to other grocery stores in Texas increased by just 2.7%.

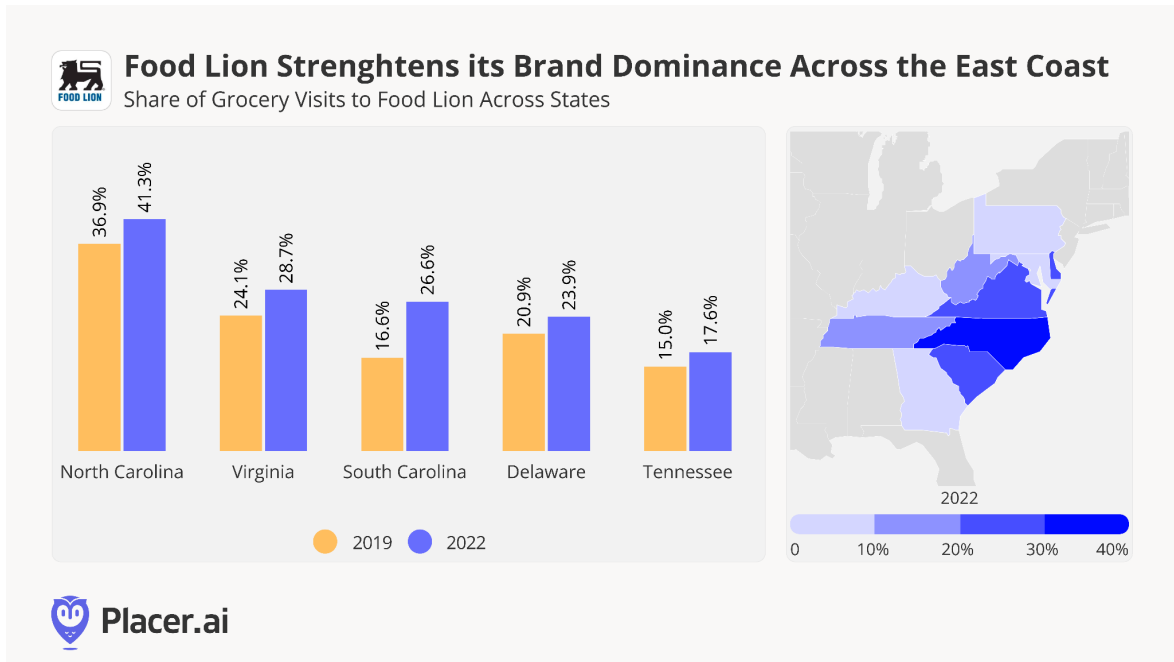


Food Lion: Roaring Into The East Coast

[Food Lion](#) got its start as a community-funded grocery store in 1957. The South Carolina-based chain has since grown into a grocery behemoth, with more than [1,100 stores](#) under its banner. The chain is known for its commitment to giving back to the community through its Food Lion Feeds food pantry, which provided [158 million](#) free meals to people experiencing food insecurity in 2022. The company has also doubled down curbside pickup services recently, with its Food Lion To-Go offering available at around [65% of all locations](#).

Food Lion's commitment to being a positive force in its communities has likely helped it establish itself as a go-to grocery destination for many in the region. The company has a strong foothold in the Mid-Atlantic and southeastern states and was the most popular grocery chain in [North Carolina](#) in 2022.

The company's share of regional grocery visits has also increased when compared to 2019. In 2019, 36.9% of grocery visits in North Carolina were to a Food Lion, and by 2022, that share had increased to 41.3%, a trend that repeated itself across all the states analyzed. This growth shows that over time, the chain is becoming more popular in the areas where it already has a stronghold – which can explain the brand's ambitious [expansion plans](#).



Top Regional Convenience Stores

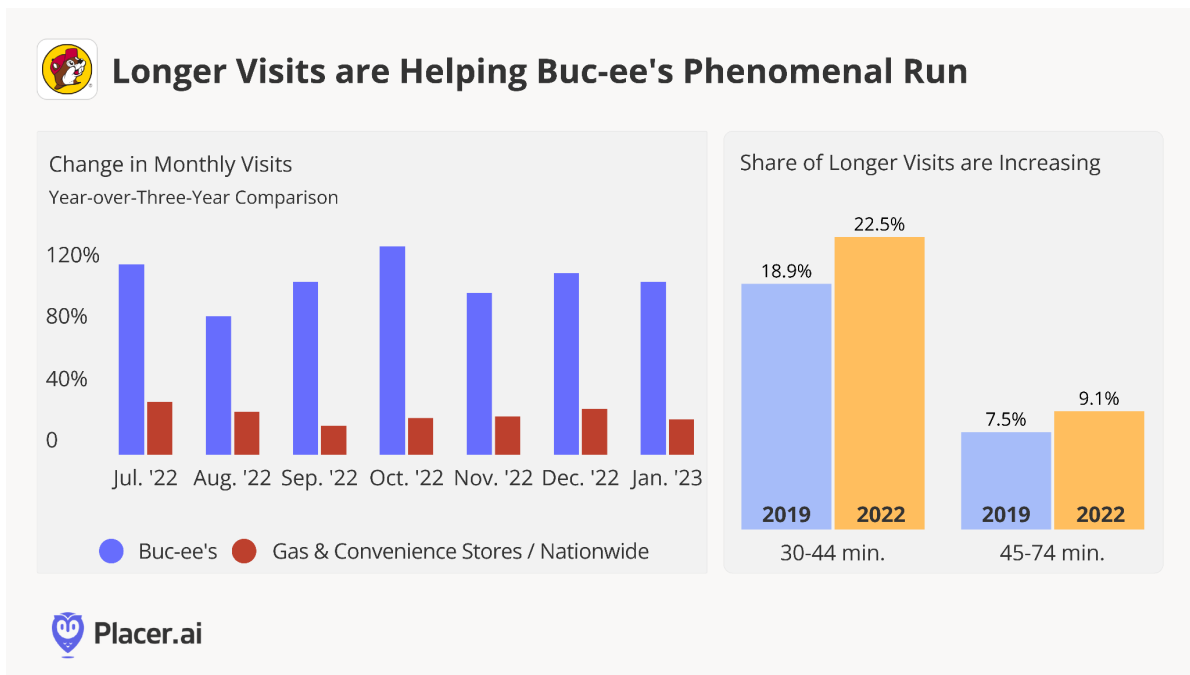
Convenience store chains include plenty of [regional favorites](#). And recently, many leading c-store brands have leaned into improved dining offerings – which means that many regional c-store players are now [standing out](#) in an increasingly crowded and competitive QSR market.

Buc-ee's: Bucking Convenience Store Trends

Buc-ee's, headquartered in Lake Jackson, TX, operates massive stores – its New Braunfels, TX location is the [largest convenience store](#) in the world, at 68,000 square feet. But it's not just its White House-sized stores that differentiate the brand from

other c-stores. The chain, which has branched out of Texas and into [South Carolina](#), Florida, Georgia, Kentucky, and Alabama, is known for its amenities, which range from its [renowned clean bathrooms](#) and showers to a [delicious](#) array of food options. And with Texas boasting the country's [highest concentration](#) of truck drivers, this rest stop is bound to be a popular destination.

Foot traffic data indicates that the chain is outperforming the already strong c-store category nationwide. January 2023 visits to Buc-ee's were 112.1% higher than three years prior, compared to a 22.8% year-over-three-years (Yo3Y) increase for the category nationwide. And Buc-ee's has also seen an increase in its share of longer visits over the past three years – perhaps the in-store brisket and beef jerky bar, breakfast tacos, and bakery are helping keep visits and dwell times high.



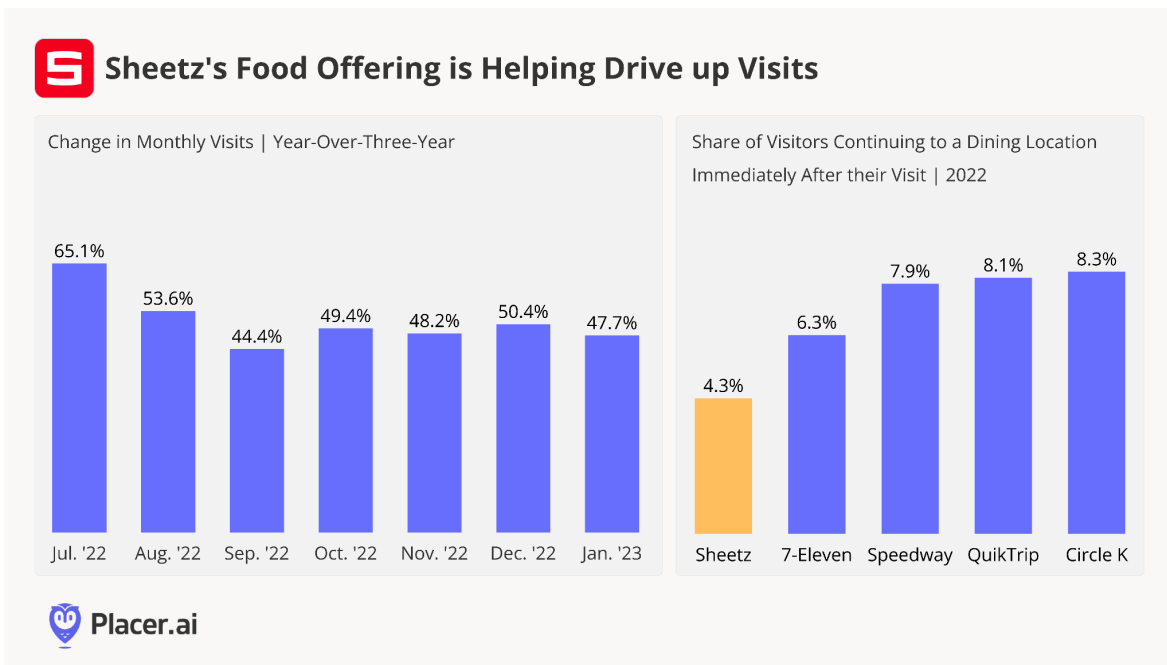
Sheetz: Everyone Is A Freak For Sheetz

The eastern U.S. is also home to a successful c-store, gas station, and truck stop chain. Sheetz was founded in Pennsylvania in 1952, and has since expanded to over [660 locations across six states](#), with plans to open stores in Michigan in 2025. Sheetz

is beloved enough to have a fan podcast called "Freakz in the Sheetz," and Pennsylvania Senator [John Fetterman](#) is outspoken in his appreciation for the chain.

This Mid-Atlantic company is part of the [c-store food revolution](#) that's turning rest stops into culinary destinations. While Sheetz is technically considered a gas station that offers food at each location, its wide array of made-to-order menu items might make the gas station aspect more of an afterthought for many Sheetz customers. And looking at the typical visitor journey to Sheetz compared to other popular c-stores and gas stations indicates that the food is a strong draw. In 2022, only 4.3% of Sheetz visitors continued to a dining location immediately after their visits, compared to 6.3% for 7-Eleven, 8.1% for QuikTrip, and 8.3% for Circle K.

Monthly visits to Sheetz have also increased significantly in recent years, with December 2022 and January 2023 foot traffic elevated by 50.4% and 47.7%, respectively, Yo3Y. With inflation and rising food prices still at the forefront of people's minds, picking up a quick and fresh meal while filling up on gas may feel like a welcome and affordable indulgence for budget-conscious consumers.



Top Regional Food and Dining Chains

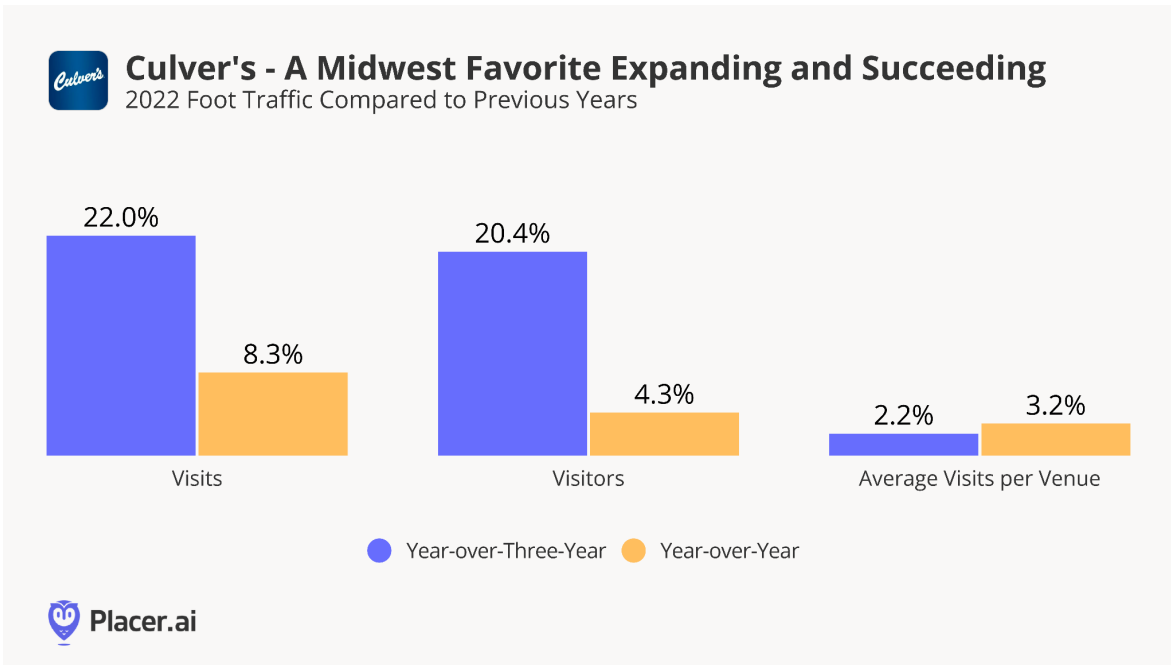
While c-stores are quickly becoming serious contenders in the dining world, there's plenty of space on the scene for other players. We took a look at two regional dining chains seeing boosts to their foot traffic.

Culver's: Serving Midwest Charm Across the Country

Culver's, formerly known as [Culver's Frozen Custard and ButterBurgers](#), was founded in Wisconsin nearly [40 years ago](#). And while the name may have downsized to the more manageable "Culver's," the restaurant – and its popularity – is bigger than ever. The company operates nearly 900 restaurants across the Midwest, attracting a similar cult fandom to chains such as In-N-Out, Shake Shack, and Whataburger.

This regional chain is known for its ButterBurger – a burger with butter melted directly over it – frozen custards, and cheese curds. Wisconsin is known for having the [country's highest concentration](#) of dairy farmers and this regional influence has helped shape the brand's popular menu items. But it's not just Wisconsities that love this company – the chain has grown beyond the Midwest, with customers in [Florida](#) and [Georgia](#) equally excited by Culver's famous offerings.

And the company's expansion is proving to be successful – not only have visits and visitors grown year-over-year (YoY) and Yo3Y, but average visits per venue have increased as well. Maintaining visit per venue growth – especially while increasing store count – points to the company's immediate strength in its new locations.

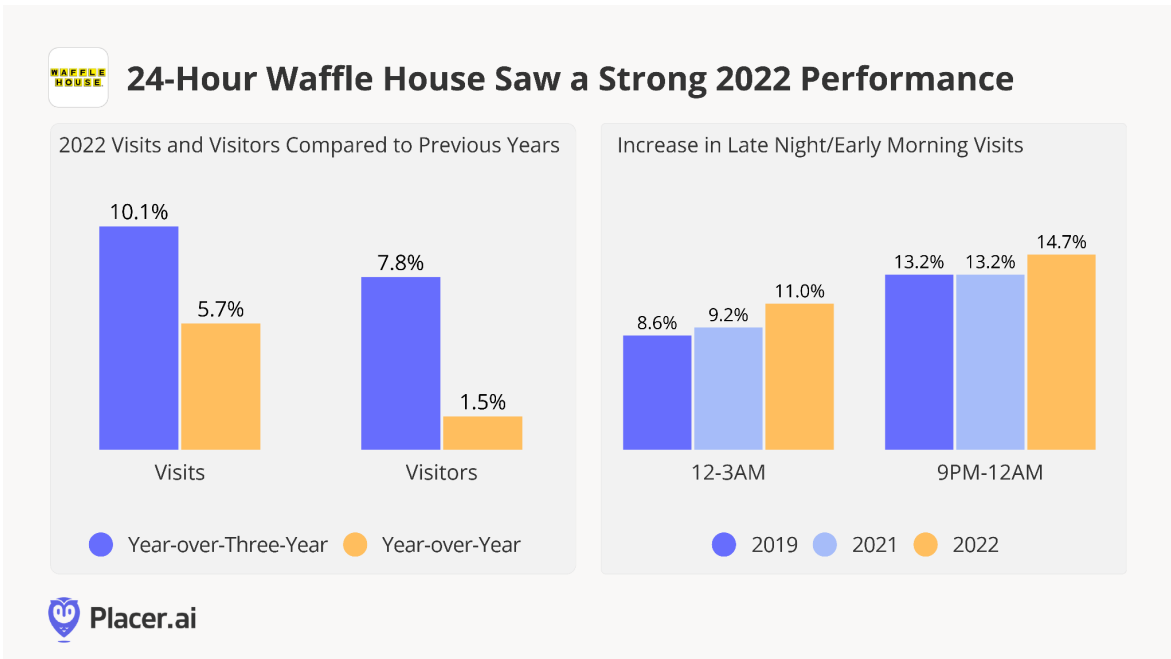


Waffle House: Not Waffling Around

Waffle House, known for [staying open](#) under almost any circumstances, is an icon across the southern U.S.. The chain is so committed to serving its signature breakfast dishes no matter what's happening beyond its doors that the Federal Emergency Management Agency (FEMA) has unofficially adopted the [Waffle House Index](#) to help measure the severity of a natural disaster.

The chain is also a consistently popular dining destination – visits and visitors to Waffle House increased in 2022 when compared to both 2019 and 2021 numbers.

And aside from its strong foot traffic metric, the chain is also experiencing a shift in the time of day people are most likely to visit – since 2019, Waffle House has seen an increase in its share of late-night dining. With more restaurants and bars [closing earlier](#) in the night, the Waffle House venues that remain open 24 hours a day are likely filling the growing demand for late-night dining options.



Top Regional Apparel Chains

Despite the rise in [online apparel shopping](#), many consumers still prefer to refresh their wardrobe with a trip to their local brick-and-mortar clothing store. And while national chains seem to rule the category, several regional apparel retailers have thrived in recent years, even expanding beyond their home base.

SCHEELS: Family-Friendly Fashion

SCHEELS, a sporting goods and apparel retailer, began as a [general store in Minnesota](#). Since then, the employee-owned brand has expanded to include around 30 locations across 15 states. Stores are primarily located in the Midwest, though the chain also has a small presence in southern states like Texas and [Arizona](#).

The company sets itself apart by focusing on customer experience and child-friendly facilities – including [Ferris wheels](#). . The brand's foot traffic trends highlight the chain's success, with 2022 visits and visitors outperforming 2019 levels.

And as SCHEELS expands into new markets – including Arizona and Nevada – the retailers’ emphasis on customer experience and its kid-friendly decor is paying off. According to [Spatial.ai: PersonaLive](#) data, the chain’s trade includes a significant percentage of “Upper Suburban Diverse Families” – 14.8% of SCHEELS visitors come from Upper Suburban Diverse Families, compared to the national average of 8.3%.

SCHEELS offers something for shoppers of all ages and has positioned itself as the destination for a fun, kid-friendly retail experience – and its foot traffic shows that this approach is more than paying off.



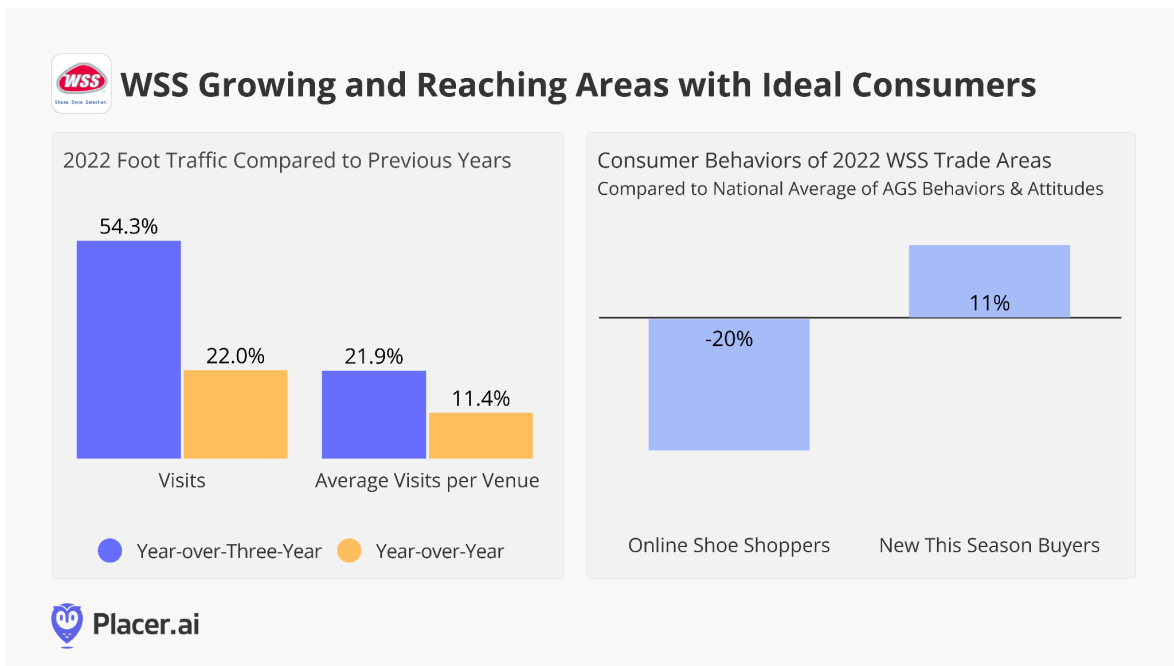
WSS: Right Where It Should Be

WSS, formerly known as Warehouse Shoe Sale, is a California-based chain [recently acquired](#) by Foot Locker. The chain’s roughly 104 stores are heavily concentrated in California, though New Mexico, Texas, and Florida also feature several WSS locations.

As other apparel retailers [rightsizes](#), WSS is [expanding](#), leading to a jump in overall visits, with 2022 traffic to the chain up 54.3% Yo3Y and 22.0% YoY. And impressively,

despite the increase in store count, the number of average visits per venue have grown as well – a notable win, especially in light of current economic headwinds.

WSS's strong traffic trends may be partially attributed to the retailer's savvy [store placement](#). The [True Trade Areas](#) of WSS stores tend to be under-indexed for online shoe shoppers – WSS shoppers are 20% less likely to shop for shoes online than the average U.S. consumer. Conversely, WSS customers are 11% more likely to be interested in shopping for items “new this season.” The fact that residents of WSS's trade area are less interested than the average consumer in buying shoes online but more interested in keeping up with new trends suggests that WSS has chosen ideal locations for its stores, which could explain some of the retailer's success.



Top Regional Gyms

Fitness went online during the pandemic as stay-at-home orders kept gym-goers inside. But the industry came [roaring back](#) as soon as vaccines became widely available and COVID concerns abated. And two players, in particular, are seeing outsized success within their regions.

Blink Fitness: Budget Fitness Enthusiasts

Blink Fitness is a New York native, with nearly 75% of its 120 locations in New York and New Jersey. The chain focuses on [inclusivity and a body-positive](#) approach to fitness, helping attract a wide range of customers. And though Blink is a decidedly East Coast chain, with several locations in Pennsylvania, Virginia, and Massachusetts, it has begun its [expansion](#) into new corners of the country, with eight locations in [California](#) and others in Illinois, Texas, and Florida.

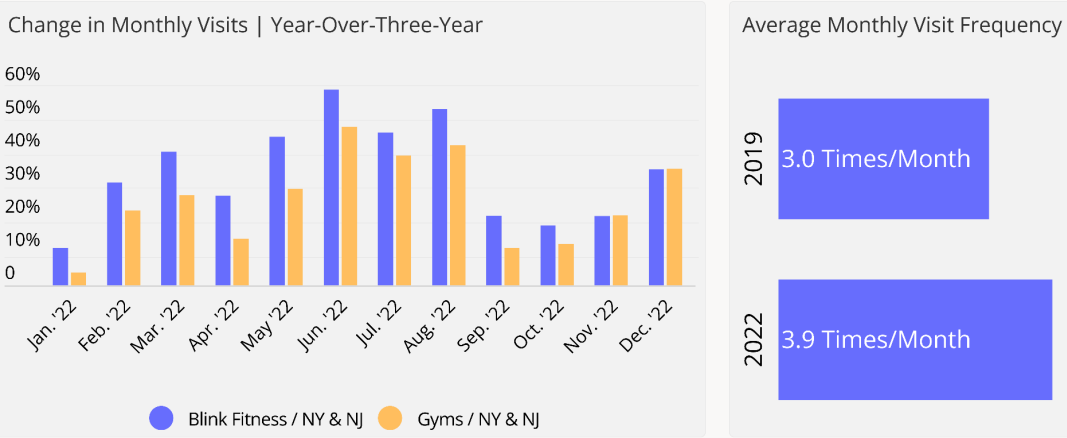
The company invested in customer engagement during the pandemic, turning an app originally targeted at premium members into a [platform](#) for quarantining fitness aficionados. Noting the overall anxious state of its clients, Blink focused the app's contents on mental health and wellness by including features such as short meditation videos. Post-pandemic, gym-goers concerned about social distancing can use the app to check how crowded a gym is before visiting.

And this investment in improving the consumer experience has likely helped Blink [thrive](#). Visits to Blink increased by 71.4% Yo3Y in December 2022, while overall visits to New York and New Jersey area gyms grew by 35.2% for the same period. Visit frequency to the chain has also increased, from an average of 3.0 monthly visits per visitor in 2019 to 3.9 average monthly visits per visitor in 2022.

This uptick in visits and customer loyalty may be [driven](#) by Blink's positioning as a [budget gym](#). Many consumers have been looking for ways to invest both in their health and find [communal activities](#) – and in a period marked by inflation, a low-cost gym allows people to meet those needs without breaking the bank.



Blink Fitness Visitors are Exercising More Often



Chuze Fitness: Childcare Proves A Strong Draw

Another regional, budget-friendly gym that is enjoying significant growth is West Coast chain Chuze Fitness. The gym is primarily located in California, with 23 locations within the state, and a small but growing presence in Colorado, Texas, Arizona, and New Mexico. And in states with a Chuze presence, the brand has outperformed local gyms by a wide margin. January 2023 visits to Chuze locations in California, Colorado, Texas, Arizona, and New Mexico were on average 14.2% higher YoY, while the average increase in visits to other gyms in those states stood at 10.8% in the same period.

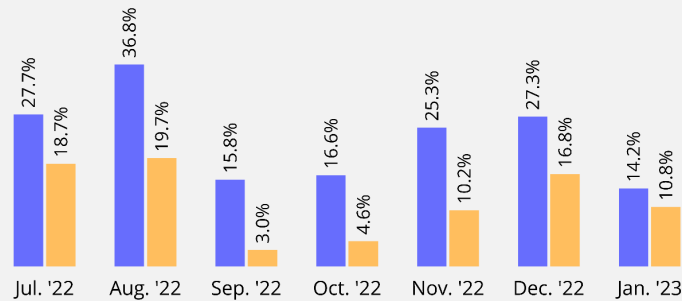
One service that sets Chuze apart from competitors is the chain's childcare at many locations. The Kids Club allows parents to drop off their kids while they work out, offering a luxury amenity at an affordable price. According to STI: Popstats, the True Trade Areas for Chuze locations that offer a Kids Club have 12% more "Households with Children" compared to the national average. The trade areas also have 16% more "Fitness Fans" than the national average, – indicating that this gym has managed to find and attract its target audience.



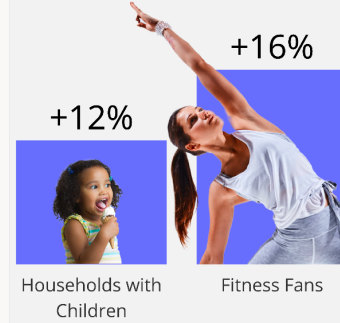


Chuze Fitness' Day Care Seems to Help its Success

Change in Monthly Visits
Year-Over-Three-Year Change



Locations with Kids Club:
Compared to Nationwide
Average | 2022



Regional Brands' Massive Growth Potential

The ten companies featured in this report highlight the benefits that retailers and retail service providers derive from establishing a strong local or regional foundation. By building a presence from the ground up while keeping a strong focus on customer experience, these businesses capitalize on their local brand recognition, foster loyalty, and gain insights into the preferences and behaviors of their local markets.

Companies with an established regional presence have demonstrated their ability to adapt to local conditions and navigate the intricacies of regional market dynamics effectively, providing solid footing for national expansion. Investors and stakeholders looking for the next top national brand may want to cast their attention towards companies that have established robust regional roots.



Key Takeaways

- 1. Local pride can boost grocery visits.** H-E-B and Food Lion have cultivated a devoted customer base by leaning into their regional characteristics and creating a community around their shopping experience.
- 2. Convenience stores are becoming food destinations.** Buc-ee's and Sheetz draw in their customers by offering plenty of food that's more than a cut above the convenience store average.
- 3. Dining destinations that draw on local tastes can succeed.** With its focus on high quality cheese, butter, and meat, Culver's offers a distinctly Wisconsinite approach to dining. And Waffle House provides people with a place to grab a meal any time of the day or night – and is often the only available option.
- 4. Well-situated apparel chains will reach the right audiences.** Both SCHEELS and WSS are finding success within their respective trade areas. SCHEELS, which focuses on a kid-friendly customer experience, is situated in areas with high concentrations of diverse families. Meanwhile, WSS tends to be located where people prefer in-person shopping.
- 5. Fitness that goes beyond while being budget friendly is winning.** Blink and Chuze Fitness cater to fitness enthusiasts looking to make wise financial decisions while getting something extra from their gym. For Blink, it may be the chain's commitment to mental and emotional well-being, and for Chuze, the on-site childcare is a draw.