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Investor opens Rally's in Walmart across from retailer's home office for 'front row seat'



A Rally's restaurant opened Monday (Oct. 30) inside a Walmart Supercenter at 406 S. Walton Blvd., across from the home office of the Bentonville-based retailer, and another Rally's is expected to open by Black Friday inside a Walmart Supercenter on Martin Luther King Jr. Boulevard in Fayetteville.

The Bentonville location will be the flagship location for the brand inside of Walmart. Robert Bhagwandat, director of franchise development for Checkers & Rally's Restaurants, said the company not only wants to be proud of the location, but also wants Walmart to be proud of it as the retailer's executives frequent the store

The Tampa, Fla.-based company wanted someone with a "high level of business acumen" to own the restaurant and vetted the franchisee before selecting Guy Mace, partner of TH Treats 1 LLC in Springfield, Mo., because of his background in business, Bhagwandat said.

Mace, an investor and venture capitalist, said he started establishing restaurants inside Walmart stores because it interested him. Mace and his silent partners have operated TH Treats 1 since 2015.

They selected the Bentonville location based on volume and revenue, and it provides a “front row seat to our business” across from the home office of Walmart, Mace said.

The Rally’s restaurant will be Mace’s first inside a Walmart but ninth restaurant within the walls of the retail giant’s stores. “The Rally’s brand has performed very well in Walmart,” he said. The Wal-Mart Stores brand “is all about value.” The Rally’s brand “mirrors up with that perfectly.”

Other brands Mace has opened in Walmart stores include Auntie Anne’s, Carvel, Rita’s Italian Ice and Noble Roman’s. An Auntie Anne’s will be included along with the Rally’s restaurant in the 1,100-square-foot location in Bentonville. Mace also operates an Auntie Anne’s in Fort Smith. The Fayetteville location will be similar in size to the Bentonville space, seating about 30 people and staffing between 20 and 25 employees.

CDS Development manages the spaces in which the restaurants will operate and reached out to Checkers & Rally’s Restaurants about opening the Rally’s restaurants before selecting a franchisee. “Finding the right franchisee,” Bhagwandat said, “that’s where we take our time.” With its franchisees, they are given the locations in which there are opportunities to open a restaurant, and before being selected, they meet with the C-level executive team, including the CEO. “We make sure they fit the culture.”

The company, which has 860 restaurants, has established 14 restaurants in Walmart stores over the past four years. By the end of the year, it will have restaurants in Walmart stores in nine states. Six restaurants are under construction including the two in Northwest Arkansas.

For now, they will be the only Rally’s restaurants in Northwest Arkansas. The majority of the nine existing restaurants are in central Arkansas. One recently opened adjacent to a convenience store in Jonesboro. There are four restaurants under construction across the state opening between November and the first quarter of 2018.



The restaurants that will open in Walmart stores in Northwest Arkansas won’t include drive throughs, but the company doesn’t expect to move away from its existing business model of operating restaurants with drive throughs. “Our drive throughs are always king for us,” Bhagwandat said. All nine of the existing Rally’s restaurants in Arkansas have drive throughs; however, its inline restaurants, or those without a drive through, are an addition to the brand’s business. The inline restaurants, such as the ones in Walmart or in Manhattan, rely on foot traffic.

Bhagwandat said there’s a science to selecting the right locations for a restaurant, and it depends on the amount of foot traffic. “It’s the Walmart customer, and the Walmart customers end up being our customers.” The amount of foot traffic also determines how late the

restaurants will remain open, which could be as late as 1 a.m. But it also would depend on what Walmart wants.