

Lula Kabob Fine Mediterranean Cuisine

Lula Kabob is a restaurant specializing in authentic Lebanese Mediterranean food, and is presently situated in the southern area of the Historic Core neighborhood of downtown Los Angeles (DTLA). The fine Mediterranean Cuisine restaurant has been serving authentic Mediterranean food in this location since 2007. The restaurant offers take out, dining in, delivery and catering services. The owner is a mainstay at the restaurant and is as much the reason for the high level of repeat business, as the authenticity of the food he serves. Lula Kabob's current location is just outside the DTLA's fast growing residential and commercial areas, thus limiting its growth and revenue opportunities. The areas in DTLA that are growing most rapidly right now are at the northern end of the Historic Core neighborhood and the Financial District (aka Bunker Hill area). On average, restaurants with on-premise dining options, like Lula Kabob, generate just 6%-12% of their sales through delivery and take-out orders. However, Lula Kabob's delivery business represents 70% of its total sales. It was the goal of our project to find a new DTLA location for the client that would increase the restaurant's food traffic and customer base, thereby increasing its revenue. To support our relocation recommendation and show the potential increase in sales, we developed a financial analysis using conservative figures. We incorporated estimates of potential new market share for the client, and provided a three year revenue growth forecast.

Project Description

Relocation and Expansion

The current location of the restaurant has served the establishment well while developing a following. One of the expected benefits of the location, however, did not materialize as the city dropped a renovation effort in the area that would have made it a tourist attraction. With the lease up for renewal in September of 2011 the owner must decide whether or not to change locations, and if so, where.

The team conducted a cost/benefit analysis of the options. The team assessed the surrounding area for potential alternative locations and compared the attractiveness of moving to one of these locations, versus staying at the current location.

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