

Case Study: Kilwins Chocolates and Ice Cream

When it comes to expansion, less is more for Kilwins Chocolates and Ice Cream Inc.

“We only want to open six to 10 stores a year, but we want them to be highly successful so the owners do very well,” says Steve Titus, Kilwins’ vice president of development. “And that kind of real estate is very difficult to find.” To help with its quest for lucrative locations, the Petoskey-based franchiser entered Michigan’s Economic Gardening Program in July 2013.



During the course of three engagements that wrapped up in April 2016, the Economic Gardening researchers helped Kilwins’ management team develop a model for predicting future store success. A complicated process, this involved analyzing top-performing existing stores, analyzing the competitive landscape and looking at detailed demographic and socioeconomic characteristics of current and target markets.

“The outcome was outstanding,” says Titus. “We walked away with a fact-based framework for evaluating successful markets, along with a list of potential markets down to the ZIP code level. Some of these were already on our list — which was still helpful because it confirmed our thinking — but many were new and we’ve expanded our target base by 35-40 percent.”

As a result of its Economic Gardening engagements, Kilwins is now opening stores with much larger volume. In fact, first-year sales volume for new stores has increased by more than 30 percent and average-annual sales for existing stores has grown by nearly 27 percent over the past five years. “That puts us as the No. 1 player in our niche — ahead of Haagen Dazs, Rocky Mountain, Coldstone and TCBY,” Titus points out, noting that Kilwins ended 2016 with about 105 franchise stores. “It’s helping our owners be more successful, it’s helping our bottom line, and it’s helping us tell a story to perspective franchisees.”

Titus admits that he was skeptical of the Economic Gardening program at first. A former senior executive at Sears, Titus recalls working with numerous consultants and analysts. “There’s a ‘disease’ among most outside advisers in that they don’t know how to listen,” he says. “Yet the Economic Gardening team was the exception. Their ability to listen and figure out what we were after was one of the biggest takeaways I had aside from all the data. Rather than trying to steer a point of view or conversation, the researchers were all about ‘how can we help, how do we learn, how to we do this better for you.’ That’s a unique approach in the business world. We went from skeptical to complete believers.”