

The advantage and independent restaurants essay sample



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Just like everything in life, both chain and independent restaurants come with advantages and disadvantages; however, they both possess common factors such as growth, economic sales and development. Pertinent to the success of chain and independent restaurants is site selection. Because chain restaurants have more resources including the ability to retain realtors that specialize in real estate growth and development, they have an advantage. Though chain restaurants have the funding to hire experts in their field, it is independent restaurants that have the advantage when selecting the right location for their restaurants. Reason being, because proprietors of independent restaurants are usually locals or individuals from within these areas they either know exactly what their patrons want or have already studied the market enough to know exactly what appeals to the demographics and patrons in their given area. One other noticeable difference between chain and independent restaurants is the fact that chain restaurants usually thrive better in urban locations, whereas independent restaurants thrive better in rural areas.

Additionally, resources and access to capital is another factor that may determine the success or failure of a restaurant. It is here, that chain restaurants have the advantage. Banks and lending institutions are more prone to grant loans to chain restaurants because they know that these companies have more at stake concerning repayment and their reputation if issues develop or plans do not materialize. Independent restaurants on the other hand, are often considered high-risk making most institutions reluctant concerning their lending. Unless privately funded, most independent

restaurants have a higher success at receiving business loans through the Small Business Association, or SBA as it is commonly referred to.

Also one other advantage that chain restaurants have over independent restaurants is that they are able to purchase economies by using their capital as leverage in negotiations with their suppliers. As most chain restaurants purchase in large quantities, they are usually able to negotiate better prices. For independent restaurants, purchasing economies is more about quality not quantity. As a result, most independent restaurant owners first have to develop long-standing personal relationships within their area in order to centralize their purchasing options.

When deciding upon chain or independent restaurants, both have advantages and disadvantages that if not carefully considered can either hinder the growth or produce rewards of a successful establishment.

REFERENCES

<http://www.bignerds.com>