

## Dairy Queen Plans Expansion in Southeastern Wisconsin

By Maredithe Meyer | June 23, 2020



Dairy Queen plans to expand its southeastern Wisconsin footprint with 12 to 18 new franchise locations over the next five to 10 years.

The Bloomington, Minnesota-based fast food chain currently has 40 locations across the region, but none in the city of Milwaukee. However, the area in and around downtown Milwaukee is among the

potential growth sites in the region for DQ.

The company has identified “seed points” near the Marquette University campus and on the city’s north side on North Avenue, said Jim Kerr, executive vice president of franchise development at Dairy Queen during an interview Tuesday with BizTimes Milwaukee.

He said those target areas could shift by a half-mile to a mile based on available real estate, but building brand awareness is the initial goal.

“We usually come in and locate in higher, more visible areas so that we not only have the local community who gets to know us, but we have people floating in an out of town getting to know us,” said Kerr.

Locating in areas surrounded by schools, churches, baseball fields, sports facilities and places of employment is also key for driving traffic.

Area growth is already underway. Dairy Queen’s newest southeastern Wisconsin location opened on June 20 in Waterford, which is in Racine County. Another store is slated to open in the region by year’s end and a couple more next year, but Kerr declined to disclosed specifics on their locations. Each new location would create 35 to 40 jobs.

He said there is roughly another half-dozen build opportunities in the Madison market, which stretches as far as west as the Minnesota border.

DQ is working with existing franchisees to continue developing the Milwaukee and southeastern Wisconsin market as well as “aggressively” recruiting new and additional franchise operators that have a “great connection to the community,” said Kerr.

In addition to southeastern Wisconsin, DQ is prioritizing a number of other markets across the U.S. for growth, including Charlotte, North Carolina; Baltimore, Maryland; Columbia, South Carolina; New Orleans, and parts of California.

The company is focused specifically on growing its Grill & Chill concept, which serves fast food as well as the 80-year-old brand’s iconic soft serve treats. Of DQ’s 40 franchise locations in southeastern Wisconsin, 14 are Grill & Chill restaurants, including its new Waterford location.

Kerr said the full-service Grill & Chill concept, which was first rolled out in the early 2000s, has helped DQ compete against other quick-service and fast-casual food chains. Units are equipped with drive-thru, mobile ordering and delivery service, but their dining room and patios have served an equally important purpose.

“We tend to have a little higher percentage of dine-in than the typical QSR (quick-service restaurants) because people want to sit down and enjoy their treat,” said Kerr.

Dine-in service in recent months has been upended by the COVID-19 pandemic, but Kerr said Dairy Queen’s sales have remained strong thanks to drive-thru business.

The coronavirus has also had an impact on the real estate market as demand for property has dropped.

“A number of uses, whether its restaurants or retail– they’ve stepped back a little bit and values are coming down so real estate is becoming more available for us,” said Kerr.

The majority of Dairy Queen stores are new building developments, but the company also has a number of store properties that were converted from other quick-service uses. As long as the building has parking, a drive thru and other requirements, it’s fair game for a new Grill & Chill location, Kerr said.

An unfortunate consequence of the COVID-19 pandemic is more real estate opportunities have become available as a result of permanent business closures. Kerr said he receives emails daily from lenders and brokers about recently open tenant spaces that DQ’s franchisees could fill.