Restaurant Research®

Concept Analysis & Benchmark Report

Church's 2024

Executive Summary

Church's Texas Chicken is a 70-year-old brand that enjoys strong brand equity built around its hallmark hand-breaded, fried chicken made in small batches throughout the day (that can be spiced by squeezing its signature jalapenos over the meal) and scratch-made Honey-Butter Biscuits. Core brand equities include: bold, original flavors; Texan roots (vs. Louisiana for Popeyes' & Kentucky for KFC); and value. The brand seeks to provide the down-home flavor of a home-cooked, hand-crafted comfort meal as only Church's can deliver with a spicy flavor profile (marinated all-night) which brings a hint of Texas heat and resonates with multi-cultural consumers who represent the country's fastest-growing demographic. Church's is also about providing abundant portions at an accessible price (particularly as it relates to affordable dark meat options) which work well for home meal replacement. The chain's goal is to become a leader in value for the price paid with a variety of offers for every appetite and every budget. A strong increase in 2023 same store sales reflects improvements in its value positioning to go with a marketing overhaul led by its new CMO. Having said all this, Church's has its work cut out to regain market share lost over the last 10 years, a task challenged by the chain's orientation towards lower income, urban families and value oriented young adults that are most vulnerable to ongoing economic pressures. Also, an abundance of older stores in outdated, low-income markets and use of smaller non-traditional sites explains a significant AUV underperformance which, all the same, is beginning to rebound sufficiently to propel the chain's unit-level EBITDAR margin to an all-time high. In conclusion, Church's new management team is executing around a well-conceived strategic plan that shows signs of driving a rebound - that is, so long as the economy cooperates.

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Parent Company Summary

Parent Company	Ticker	Corp. Debt Rating	Net Debt (1)/ EBITDA	EV/ EBITDA	Stock Performance		
					2023	TTM	Jan-24
Church's Holding Corp.	Private	BBB Kroll	N/a	N/a	N/a	N/a	
$1B+ Chains			5.49	14.37	21.1%	3.9%	

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(1) Net Debt includes operating leases.

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