

## FOCUS

# Pancheros keeps its expansion plans simmering

By Dave DeWitte  
dave@corridorbusiness.com

The Coralville-based Fresh-Mex restaurant chain that started out in Big 10 college towns more than a quarter-century ago is now looking to franchisees and suburban markets as it pushes toward middle age.

Pancheros Mexican Grill opened its first store in downtown Iowa City in 1992, and its 71st store this month in Davenport. The new store at 702 W. Kimberly Road is a corporate store, but most of the new Pancheros opening in the future will be franchisee-operated stores in suburban locations, according to Gary Matusiak, vice president of franchise development.

Fresh-Mex is a fast-casual restaurant concept in which customers select the ingredients for their burrito, quesadilla or other Mexican fare from a variety of fresh and cooked ingredients and sauces.

Pancheros stands out from rivals such as Chipotle and Qdoba by serving its food on fresh-pressed tortillas and blending ingredients carefully with a special tool for a uniform flavor.

The recipe for success has changed surprisingly little through the years, and Mr. Matusiak says that founder and CEO Rodney Anderson's focus on consistency has worked to the chain's advantage. Customer loyalty is high, and even a series of food poisoning issues at Fresh-Mex segment leader Chipotle in 2017 did not cause a serious ripple for Pancheros, Mr. Matusiak said.

When it opens a restaurant, the company looks for 2,000-2,500 square foot end-cap spaces with outdoor patio seating. Suburban markets tend to have more such leasing and a more consistent traffic pattern than college towns, where demand fluctuates with the school calendar.

Because of the chain's origins in Iowa, Mr. Matusiak said Iowa franchisees have been extremely successful in expanding the concept to other markets.

New Jersey was a highly successful new market last year, Mr. Matusiak said. Franchisee-owned store sites have already opened this year in Philadelphia and Davenport, and a scattering of other unannounced locations are being targeted.

"Our big expansion is in the Midwest," he said. "We would like to be from New Jersey to Idaho, all the way down to Tennessee, although we'd talk to somebody in Florida if it was the right person."

While trade magazines report that Pancheros could see seven to 10 new restaurants this year, Mr. Matusiak declined to confirm the number, and said it's less important than finding the right franchisees.

"In terms of franchise growth, we've had enormous success," Mr. Matusiak said. "We're not looking for quantity, but quality."

Restaurant experience is highly valued by Pancheros in awarding franchises, and Mr. Matusiak says the Panchero's system

is appealing to many operators because of its relative simplicity.

"I've got Subway guys [franchisees] saying that it's easier to do than a Subway," he said.

Some trade reports suggest the "fast-casual" Mexican segment will be the fastest growing segment of the restaurant industry over the next decade. One reason may be that customers come back more often.

"Some concepts, you can't eat it every day," he said. "But people can eat it [Panche-

ro's] a couple of times and week and the food operators love the simplicity of it."

Although Panchero's isn't awarding any more franchises in Iowa, Mr. Matusiak isn't ruling out a few more Pancheros' restaurants here. He said the new locations would be corporate-owned and operated. CBJ



**NYEMASTER**  
NYEMASTER GOODE PC

THE NEXT CENTURY

100

with the  
right formula  
for growth

**WE CULTIVATE SUCCESS:** Our attorneys are dedicated to keeping your intellectual property yours and yours only. With global patent, copyright, and trademark experience, we help protect the IP assets of life sciences companies and other innovative businesses. [Learn more at nyemaster.com.](http://nyemaster.com)