# **AAR PARTNERS**

# Four C's: Rusty Taco

Analyzes a brand by looking at the Company, Consumer, Category, and Culture. Includes real-time data around market share and demographics, but also creative outputs around positioning and cultural impact.

## **Origin Story**

- Origin Story:
  - Rusty Taco was founded by Rusty Fenton, his wife Denise, and Steve Dunn in 2010 in Dallas, TX [41][43][46].
  - The inspiration came from Rusty's love for Mexican food, sparked by a memorable fish ceviche taco in Acapulco, Mexico [41].
  - The first location was a converted gas station on Greenville Avenue [42][43].
- Founders' Values:
  - Authenticity: Emphasis on fresh, handmade food [41][42].
  - Community: Creating a welcoming, friendly environment [41][42].
  - Affordability: Keeping prices low so everyone can enjoy [41].
  - Passion for Food: Deep love for Mexican cuisine and culture [42].

#### **Recent news**

• Recent Acquisition: Gala Capital Partners purchased Rusty Taco from Inspire Brands on December 19, 2022. The terms of the deal were not disclosed, but the Rusty Taco

management team, led by Brendan Mauri, co-invested in the acquisition [142][149][150].

- Leadership Change: On June 6, 2024, Rusty Taco named Daniel Smith, former COO of Hopdoddy Burger Bar, as its new president [144].
- Focus on Growth: Rusty Taco aims to expand its footprint and maintain its identity as a community taco stand. The brand has grown from its humble beginnings in Dallas to 37 locations across multiple states [146][110].

## Market Share

- Market Size: The U.S. restaurant industry is forecast to reach \$1 trillion in sales in 2024
  [2]. The market is expected to grow at a CAGR of 10.74%, reaching USD 1367.53 billion by 2029 [4].
- Rusty Taco's Market Share: Rusty Taco's revenue was \$35.5 million last year [179], which is a small fraction of the overall market.
- Growth Status: Rusty Taco is growing, with a 28% sales increase from the previous year [179]. Inspire Brands grew Rusty Taco's footprint by over 50% since 2018 [175].

# Employee / Consumer Satisfaction

- What Employees Love About Working at Rusty Taco:
  - Good Environment: Employees appreciate the positive work environment [51].
  - Friendly Atmosphere: The atmosphere is welcoming and friendly, making it a pleasant place to work [51][54].
  - Great Service: Some employees are highlighted for their exceptional service and friendliness [55].
- What Consumers Love About Rusty Taco:
  - Delicious Food: Consumers enjoy the tasty tacos and churros [83].

- Great Atmosphere: The restaurant provides a welcoming and enjoyable atmosphere for friends and family [58].
- Friendly Service: Customers appreciate the friendly and attentive service from employees [55][82].

# **Expert Opinion**

- Authenticity and Community: Industry experts appreciate Rusty Taco's commitment to fresh, handmade food and creating a welcoming environment [41][42].
- Growth and Expansion: Experts note Rusty Taco's impressive growth, with a 28% sales increase and a footprint expansion by over 50% since 2018 [175][179].
- Strategic Moves: The recent acquisition by Gala Capital Partners and leadership change with Daniel Smith as president are seen as strategic steps to further growth and maintain the brand's community-focused identity [142][144][146].

# **Reasons to Believe**

- Authenticity and Freshness: Rusty Taco emphasizes fresh, handmade food, ensuring high-quality and authentic Mexican cuisine [41][42].
- Community Focus: The brand creates a welcoming and friendly environment, fostering a sense of community among its customers [41][42].
- Affordability: Rusty Taco is committed to keeping prices low, making their offerings accessible to a wide audience [41].
- Passion for Mexican Cuisine: The founders' deep love for Mexican food and culture is evident in their menu and overall brand ethos [42].
- Origin Story: Founded by Rusty Fenton, his wife Denise, and Steve Dunn in 2010, inspired by Rusty's memorable culinary experiences in Mexico [41][43][46].

# Advertising Cliches in Restaurant

- "Fresh Ingredients": Emphasizing the use of fresh, high-quality ingredients.
- "Family-Friendly": Highlighting a welcoming atmosphere for families.
- "Authentic Cuisine": Claiming to offer genuine, traditional dishes.
- "Best in Town": Asserting superiority over local competitors.
- "Fast Service": Promising quick and efficient service.
- "Home-Cooked Meals": Suggesting a homemade, comforting experience.
- "Award-Winning": Mentioning any awards or recognitions received.
- "Customer Satisfaction": Focusing on positive customer reviews and testimonials.
- "Special Offers": Promoting discounts, deals, or special menu items.

## **Positioning Among Peers**

• Schoolyard Analogy: Rusty Taco is like the enthusiastic new kid on the playground who has quickly made friends and is growing in popularity. While not yet the most dominant player, it has shown impressive growth and potential, increasing its presence significantly and catching the attention of others with its unique charm and community focus [175][179].

# **Category Issues & Opportunities**

**Inconsistent Practices:** 

- Tipping System: Varies widely, causing confusion and inequity.
- Menu Pricing: Often not transparent, leading to unexpected costs. Biggest Issues:
- Labor Shortages: Difficulty in hiring and retaining staff.

- Supply Chain Disruptions: Affecting ingredient availability and costs.
- Health and Safety Regulations: Constantly changing, challenging to keep up.
- Rising Operational Costs: Rent, utilities, and wages increasing.
- Customer Expectations: High demand for quality and speed, hard to balance.

# **Category Evolution**

- Technological Advancements: Increased adoption of digital ordering and contactless payment systems [91][93].
- Sustainability: Growing consumer demand for sustainable practices and eco-friendly packaging [21][30].
- Health and Safety: Continued emphasis on health and safety measures post-pandemic [125].
- Overarching Trends in the Restaurant Industry:
  - Automation and Efficiency: Embracing technology to tackle staffing and efficiency challenges [21][30].
  - Personalization: Enhanced digital and in-store personalization to improve customer experience [29].
  - Value Menus: Increased focus on value menus to attract cost-conscious consumers [29][95].
  - Plant-Based Options: Rising popularity of plant-based and vegan food options
    [94][123].

## **Consumer Demographics**

• Demographic Profile: Rusty Taco's consumers are likely diverse, given its expansion into various states like Utah, Nevada, Virginia, Texas, and Colorado [164][165]. The brand's

family-friendly atmosphere suggests it appeals to families and individuals seeking casual dining experiences [154][170].

- Behavioral Traits: Consumers appreciate fresh, flavorful, and ready-to-eat tacos, indicating a preference for convenience and quality [140]. The brand's rapid growth and positive reviews highlight a loyal customer base that values consistent, reliable meals [162][138][139].
- Interests and Desires: Rusty Taco's consumers likely enjoy Mexican cuisine, social dining experiences, and authentic flavors. They may also be interested in community-oriented dining spots and value a welcoming atmosphere [154][170].

### **Consumer Problem & Goal**

- Consumer Problem Solved: Rusty Taco addresses the need for affordable, authentic Mexican food in a welcoming environment [41][42].
- Higher Order Consumer Goal: It achieves the goal of creating a sense of community and providing a memorable dining experience through fresh, handmade food and a friendly atmosphere [41][42].

# **Consumer Mindset**

- Current Mindset Holding Back Purchases:
  - Consumers may be hesitant due to inconsistent experiences across locations, as evidenced by the closure of the Reno location after just 18 months [33][35].
  - Negative incidents, such as the oil splash accident involving a worker, may also contribute to consumer apprehension [33].
- Consumer Opinions:
  - Positive:

- Many customers appreciate the fresh ingredients and authentic flavors
  [39][116].
- The atmosphere and customer service are often praised [111][113].
- Specific menu items like tacos and churros receive high marks [112][115].
- Negative:
  - Some reviews indicate that while the food is good, it is not exceptional [112].
  - There are occasional complaints about service speed and consistency [114][117].

### **Audience Focus**

- Target Audience: Rusty Taco targets a broad audience that enjoys authentic, street-taco inspired cuisine, focusing on local communities and fast-casual dining experiences [12][13][19].
- Cultural Fight: Rusty Taco's audience is fighting for authentic, flavorful, and fresh dining experiences that reflect traditional taco stand culture, emphasizing community and genuine culinary inspiration [12][17][19].

# Macro Forces

- Macro Cultural Forces Impacting Rusty Taco:
  - Technological Advancements: Increased adoption of digital ordering and contactless payment systems [91][93].
  - Sustainability: Growing consumer demand for sustainable practices and ecofriendly packaging [21][30].
  - Health and Safety: Continued emphasis on health and safety measures postpandemic [125].

- Overarching Trends in the Restaurant Industry:
  - Automation and Efficiency: Embracing technology to tackle staffing and efficiency challenges [21][30].
  - Personalization: Enhanced digital and in-store personalization to improve customer experience [29].
  - Value Menus: Increased focus on value menus to attract cost-conscious consumers [29][95].
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    [94][123].

### Muses

- Cultural Muses:
  - Authentic Mexican Cuisine: Rusty Taco's audience is inspired by the rich flavors and traditions of Mexican street food [12][17].
  - Community and Local Culture: Emphasis on creating a welcoming, communityfocused dining experience [12][19].
  - Fresh and Handmade Food: Commitment to fresh, handmade ingredients that reflect traditional taco stand culture [12][17].

## **Subcultures**

- Fast Casual Subculture:
  - How They Got There: Rusty Taco offers a blend of quick service and quality food, fitting the fast-casual model [41].
  - Unspoken Codes: Emphasis on fresh, handmade food, a welcoming environment, and affordability [41][42].
- Taco Enthusiast Subculture:

- How They Got There: Inspired by Rusty Fenton's love for Mexican cuisine, particularly tacos [41].
- Unspoken Codes: Authenticity in flavors, passion for Mexican food, and a community-centric approach [41][42].
- Community-Focused Subculture:
  - How They Got There: Creating a friendly, inclusive atmosphere in their locations
    [41].
  - Unspoken Codes: Building a sense of community, maintaining affordability, and ensuring a welcoming environment [41][42].

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