

**Brian Sheehan:** 0:04

Welcome to Retail Intel, the podcast where we dive deep into the dynamic world of commercial real estate. I'm your host, Brian Sheehan, and I'm thrilled to be your guide on this journey through the bustling streets of retail, the aisles of shopping centers and the world of commercial property investment. With me today is Bagash Patel, co-founder and CEO of Taco Pros. Mexican Cochina Inspired by the gastronomic art of Mexico, Taco Pros aims to transport you to the flavors of Mexican market street foods and has a devoted following in the Midwest. Taco Pros is expanding nationally and if you haven't heard of them yet, you soon will. I'm excited to learn more, Bagash, welcome.

**Bhagyesh Patel:** 0:49

Thank you. Thank you, Brian.

**Brian Sheehan:** 0:51

Hey, so I'd love to start with your background. What were you doing before launching Taco Pros?

**Bhagyesh Patel:** 0:58

So I always a food person. A food person, I've always been into the food industry. I started my journey in 2006 with Subway. I was working as a sandwich artist in Subway. I did that for many years and then I became a partner owner in one of the stores in Chicago and then again I managed for another five, six years and then, you know, I always wanted to do something our own. So at that time we started an Indian concept, Indian restaurant and we did really well and after that, running for a few years, you know, we decided to start a Taco Pros. Few years, you know, we decided to start a Taco Pros. But, just like I said, I've always been in the food industry since 2006. So, you know, I wanted to always do something my own.

**Brian Sheehan:** 1:54

That's awesome. So talk about the jump from, I guess, the Indian concept to Taco Pros. What attracted you to Mexican foods? What attracted you to Mexican?

**Bhagyesh Patel:** 2:03

foods. Actually it was an accident. The way it happened was my partner, Victor. He used to do a construction for me and then he was so tired doing construction for so long, he's been in construction industry for a very long time. Then he came to me one day. He's like hey, dude, I want to open a Mexican restaurant, let's do it together. And I said, boy, I have no idea about Mexican food. And he's like, hey, I do, you know I can do it. And I said, yeah, sure, fine, let's try it. And then we got the space, we leased it and we opened

the store and you know, we started doing really good. So that's how we founded Taco Pros.

**Brian Sheehan:** 2:47

You talked about this broad background of experience in the restaurant business. What is it that you love about fast, casual restaurants or the restaurant business generally?

**Bhagyesh Patel:** 2:58

So you know food I think so is continually evolving. I think so it's continuing evolving. And, as a human, if you want to do something and you want to enjoy your time with somebody else, there's only a few places you can go, Right, and food is one of them. So you always want to go to restaurants, have a good time, talk about your life, what's going on, Forget about the problems, Right, and that's what the restaurant does to people. And I say you know that's how we of course we are in food industry, A fast-scheduled restaurant, because we didn't want to do full sit-down where you know, you got to pay \$5 for chips and salsa. I mean, you get chips and salsa for free, but you got to pay \$25 for enchiladas, right, but we don't believe in that. We like let's have it a authentic food at very reasonable price, where people can come together, as with family, friends, and they can have a good time and they enjoy the good food.

**Brian Sheehan:** 3:56

Something you said there really sparks, I think, the potential for a deeper dive into this whole category. But you know, growing up and I'm just such a huge fan of taco pros generally, I want to talk about your concept here in a second. But the differentiation between charging for chips and salsa, I feel like, is something that is relatively new. Maybe in certain parts of the country or world that's something that's always existed, but I feel like that's something that's just come about in the last maybe five or 10 years. Is that true?

**Bhagyesh Patel:** 4:29

Yep, that's true. So again, going back, me and my partner say OK, let's open a Mexican restaurant. We finished the construction and then I asked him. I said, hey, let's start working on the food and I can bring my friends, family, everybody can try the food. And then he said dude, I don't know how to make food. I said what do you mean? You don't know. He's like yeah, my mom knows. I said, bro, where is your mom? He's like oh, she's in Mexico. I said, no way.

**Bhagyesh Patel:** 4:58

And then this has literally happened we call her his mom from Mexico to US. God forbid, blessing she able to come here. And then she came and you know she showed us all the recipes and of course she was using her hand Right. And we like, ok, mother, you can't do that, mom, you know, let me write it down what goes in what. So we wrote it down every single recipe. She stayed with us for six months here and she like, taught us everything, victor, his brother, sister, including me. You know we learn a lot in that six months and that's how we wrote it down the recipe and that's how we came up with taco pros.

**Bhagyesh Patel:** 5:39

Victor's mom had a restaurant in Mexico, so she had a lot of experience and she knows the food and that's how we started. And when I ate food and when my friend ate food, they like dude, this is something very different because everything is very authentic. Right, and I know this word throws a lot out there authentic Mexican, authentic Mexican. We learned straight from mom and we didn't know anything else. You know, we didn't know how you can do a fusion. You know it was just pure authentic Mexican food. And we opened the store and actually, you know, people started appreciating. They're like dude, this is different. They're like oh, I didn't know I can get Mexican sandwich tortas in a restaurant like this. I didn't know I can get Mexican sandwich tortas in a restaurant like this. I didn't know I can get enchiladas, you know, and that's what inspires I say you know what? Let's see People liking it. We should start expanding a little bit. And that's how Taco Pro started.

**Brian Sheehan:** 6:36

It's what inspired me to initially reach out to make contact with you guys for space in one of our shopping centers.

**Bhagyesh Patel:** 6:44

But I guess I'm curious where her restaurant is located in Mexico so she had a restaurant with her dad uh, zakatakas, right, if you know um the area, so she's from there and she had a restaurant there. So she told me story. She's like when I was baby uh, you know, my dad and mom used to take me and they made me do a work, right, like it was no child labor back then. You know, you help your family, so she was like I was doing tortilla that's how I started when I was six, seven years old. But her story was very inspiring too. So she learned from her parents and then it's a generation, you know, and then we are blessed enough that she's able to teach us everything.

**Brian Sheehan:** 7:29

And would you say that the style of cuisine is specific or comes from that region, or is it a fusion style? I mean, I'm sure a lot of it was influenced by where she was from. But I guess I'm curious like has the menu evolved over time? Did you guys put your own unique spin on some of those flavors that come from that region?

**Bhagyesh Patel:** 7:56

So actually, no, we did not. We are focusing more on expression at the moment, but at the same same time, our food is working really good and people are loving it. So you know if it's working, why you want to change it right. So we did not do anything. Fusion we have a very simple menu fine meat, authentic sauce and salsa. We do, and we like to keep it this way. I know there's a lot of Mexican food nowadays. They do a lot of fusion, but somehow, you know, we like what, we do it and we are planning to keep it that way.

**Brian Sheehan:** 8:31

Keep it authentic.

**Bhagyesh Patel:** 8:32

Keeping authentic.

**Brian Sheehan:** 8:34

I know there's probably a few other things that make Taco Pros unique and I kind of wanted to talk a little bit about that, because when you walk into a Taco Pros restaurant it doesn't feel like a lot of other places that I've been before. Maybe talk a little bit about that. What makes Taco Pros unique?

**Bhagyesh Patel:** 8:51

Yeah. So you know, taco Pro, like we, are a fast-scheduled restaurant and, as of today, most of the part of the country, if you want to eat Mexican food, authentic Mexican food, you have to go to those full sit-down Mexican restaurant, right, where they're going to give you, like I said, chips and salsa at no cost, but they're going to make you wait one hour. You've got to pay \$25 for enchiladas and then tortas, right, \$15. And there are some taquerias, then mom and pop right, they were really good food, but you know they don't have a ambience, sometimes they don't have a seating. You don't want to take family there, right?

**Bhagyesh Patel:** 9:28

So what we did? We come up with the right balance. So we create a concept where you get authentic food in fast schedule setting, where you walk in, you place the order, you sit down and then we will bring food to your table, so you don't have to get up. And then

you eat, you enjoy, everything is disposable. You throw the plates you know it's a eco-friendly recycle plates, right, and then you leave, right, but for that we don't charge you extra. It's very fast schedule so you don't have to spend one hour. We love if you stay one hour, but you know you don't have to spend that much time, sure, come enjoy food with friends and family, and and that's what we are focusing on and that's what makes us a little unique our ambience is really good. We get a lot of compliments our design, so people come and feel very comfy when they come to Taco Bros.

**Brian Sheehan:** 10:19

Is this a corporate or a franchise business model?

**Bhagyesh Patel:** 10:22

So we were very blessed. You know, we opened the store and we started getting inquiry about franchisee from the probably first month. But we end up not doing it because you know we have a belief that any store you open you have to operate as a corporate for three years 1,000 days before you can start actually opening franchisee stores. So we had a. We opened first, second and third store our own in first three years we run it, we operate it and we see it successful and then we start doing franchisee model. But we do have a few corporate stores as well. So it all depends on locations and if we have a franchise in that area then we of course give it to franchisee as a first option, but if you don't have anybody, then we can do as a corporate.

**Brian Sheehan:** 11:13

That's great. So, going forward, you're going to be opening a mix of corporate locations and franchise locations, depending on the market.

**Bhagyesh Patel:** 11:20

Yep.

**Brian Sheehan:** 11:20

Let's talk about the square foot size range or footprint of a typical store. What's your sweet spot, size-wise?

**Bhagyesh Patel:** 11:27

So we love to have 1,700 to 2,000 square feet. That's our sweet spot. We cannot go below 1,500 because then it's too cramped. So smallest we do have 1,500. If the plaza is really nice we can find a space. Then we try to squeeze in 1,500. But our ideal size is 1,700 to 2,000 square feet.

**Brian Sheehan:** 11:48

Okay, and how many current open locations are there in the US?

**Bhagyesh Patel:** 11:52

So currently we have 20 stores that open in.

**Brian Sheehan:** 11:57

US and how many will be open by the end of 2024?. Are there any new openings planned this year?

**Bhagyesh Patel:** 12:03

Yes, so we have about seven or eight opening this year alone. So we're opening every other week now for until end of the year. So we have a. We will have probably 28, 30 by end of the 2024.

**Brian Sheehan:** 12:17

That's amazing. How many openings do you have planned for 2025?

**Bhagyesh Patel:** 12:22

Oh boy, we signed 40 locations. They're under development right now four zero. Wow. And we gave out 90 total franchises with other master agreements. Basically, people come and bought 20 stores and 10 stores at a time. So we have a 90 location already sold and 60 is under development right now.

**Brian Sheehan:** 12:47

That's awesome. What are your growth goals for TacoPros over the next, say, five years?

**Bhagyesh Patel:** 12:53

So next five years as a company. The next say five years. So next five years as a company. You know, when we started a company our goal was to do 100 stores by 2030. And I think so we'll achieve that by 2025. So now as a company, our goal to do 500 by 2030. And we are very optimistic We'll be able to get those store in next five, six years.

**Brian Sheehan:** 13:18

Amazing. Where are you growing? Are you focused on specific target markets for future locations?

**Bhagyesh Patel:** 13:26

So until now you know we have we were growing only in Midwest region, in Wisconsin, Illinois and northwest Indiana, because we wanted to make sure we support our franchisees and we can also learn about our model, and it's one and two hour drive so it's easier to go there make sure everything is happening the way it's supposed to be. And we're doing this for the last year and a half. This next six months we're also planning to expand only in this region, Starting 2025,. We just worked out with a logistic partner, US Food, and they were able to supply our proprietary items and everything else throughout the US. So next we're actually going in Ohio. We have a guy who just signed 25 locations, so he's opening in Ohio. We are growing in Atlanta, Maryland, New Jersey. That's our next market we are expanding to.

**Brian Sheehan:** 14:21

What are some of the key factors you're looking for when you evaluate a potential property? We talked about your robust travel schedule here. Who do you like to be near? How do you go about selecting a site?

**Bhagyesh Patel:** 14:36

so we always like to be near some other food options. We are not those guys where we like to stay away from food. I feel like when you are within a food distance, people intend to travel and then they can pick what they like. And we also like some big anchor stores if those are nearby. You know, like Walmart or Mariano's that we have here in Midwest region, kroger, probably on the East Coast, if there is a bigger anchor stores are in the plaza with other food. That's the ideal location for us.

**Brian Sheehan:** 15:09

When we first met, I think we initially looked at and leased up some inline spaces. Has that changed? Are you now looking for end cap spaces? Do you need a drive-through or are you still looking to take some inline opportunities?

**Bhagyesh Patel:** 15:25

No, so we do take some inline opportunities. If the plaza is right, if things are like we really like the area, then we have no problem taking inline. Do we prefer end-CAP? Yes, we only currently have one drive-through location and we're testing it, how it's working and how can we make it better. But we do have some future location coming up. Those will be a drive-through as well.

**Brian Sheehan:** 15:51

Are you guys looking at any new construction opportunities? Are you doing any ground up development?

**Bhagyesh Patel:** 15:57

Yes, we actually currently talking to a couple of the areas and spaces that we hope to do ground up. Do we love to do it at this moment? No, I think it takes a lot of time and energy and we want to focus our energy and time into growing rather than developing something. So right now that's not our priority. But if something comes, you know, and if some deal is right, then we can. We can do that as well.

**Brian Sheehan:** 16:25

You mentioned a fast, casual type of restaurant and, for anybody that hasn't been inside of one of your stores yet, is there anything unique to a TakaPro's build out in terms of the utilities or HVAC, electrical water?

**Bhagyesh Patel:** 16:40

Our build-out is pretty simple. It looks good, but to build out something, the store like Taco Bell. It doesn't cost you as much and it's very simple to build out and very quickly. So in fact, all the general contractors love us because they do a lot of the construction with the big brand and it's sometimes very complicated, overcomplicated. We don't do that. But one thing we do have in our store as of right now we, we love art, we love design. Uh, so we have actually a couple of the artists that go to every taco pros, um, and they actually do a draw artwork of mountain and cactus and it's a hand hand draw, right, like they paint everything with the hand and we like that. You know I'm not a big guy of wallpaper and just no human touch, right. So that's what we are doing right now. So if you go to any taco place, you see the design that in there is done by one of the local artists from the city we love too.

**Brian Sheehan:** 17:42

I think that's such a special aspect of your brand identity and unique, I think, in this space where everything's become kind of homogenized to a certain extent.

**Bhagyesh Patel:** 17:55

Yep, and people appreciate that. When they come in and they find out like local resident people, they're like, oh, these artists did this. We're like, yeah. They're like, oh, dude, it looks so good. And we think sometimes people do not notice that stuff, but they do and they also appreciate supporting local artists and bringing artwork to the community.

**Brian Sheehan:** 18:18

I'm curious, I guess, how you go about finding those local artists.

**Bhagyesh Patel:** 18:25

It's hard and now it's easy thanks to social media and luckily, you know, all these artists has a friend in different states. So now every state we are opening, we are trying to ask them hey, do you have somebody locally there? And most of the time they have someone, if not meantime, they are willing to travel and do the artwork there. And I know once we do it, people will come eat and they will like hey, dude, I do this type of work, would you mind giving me a next project? I'm like yeah, let's do that. So that's the plan right now.

**Brian Sheehan:** 19:00

It could really happen organically through the power of social media. Yes, For anyone that wants to present a site to you and your team. What's the best way to go about that?

**Bhagyesh Patel:** 19:09

So if somebody would like to present a site, then go to the website. You know, just there is a contact form. You fill that out, say, hey, I have a site and we have a lot of people reach out to us, and that email I personally get it, my team also gets it, and then we reach out to those people and then you know we start from there.

**Brian Sheehan:** 19:33

That's great. And can we talk AUV for a second? What's the average sales volume for Taco Pros?

**Bhagyesh Patel:** 19:42

Yeah, of course I mean you would. Uh, I would talk about the corporate store that we have, right, because that's I don't have to get a permission from anyone. But our current taco pros, aovs are, you know, we do, about one plus million dollar, uh, even the small footprint, about 15 to 1800 square feet, uh, and and we have some store that does about two plus near two million dollar sales as well and with no dining, you know, just carry out. We have a sum with the bar, small like a margarita and stuff, and so our goal as a company we want to have average one plus million AV for all our stores.

**Brian Sheehan:** 20:21

That's excellent, begash. Last question Taco Pros has, I noticed, a rewards program and I'm curious how important that is. You can talk about the percentage of sales volume

that's generated online versus in-store, and have you seen a shift to more in-store pickup versus, say, delivery?

**Bhagyesh Patel:** 20:45

Yes, I think so. After we launched the reward program and the purpose was the reward program we want to say thank you to our loyal customers. They come to our store, spend a lot of money every week, every month, and this is a small thank you from us. So we give them a point in their birthday. We give them a point, we give a, but in their birthday we give free entry and randomly, we send out a lot, of, a lot of promotion and exclusive bill just for the members.

**Bhagyesh Patel:** 21:13

Uh, it's, people love that. They appreciate, you know, whenever they get the message or promo from the corporate team, our team, and also that helps us to bring more in-store revenue and pick up from our website, because they get a points when they place an order with us. Right, and before used to be, you know, we didn't have this platform so they place an order from other parties and they don't get points. Now we have a system so they do get a points and they like that Right now. I want to say about 45% is online, 55%. It's 60% in-store right now, but our online presence is very strong as well, so we are really good with both online and in-store sales.

**Brian Sheehan:** 22:00

That online versus in-store are you seeing any kind of sales? That online versus in-store are you seeing any kind of you?

**Bhagyesh Patel:** 22:09

know dramatic change in that, or is that staying pretty consistent? I want to say staying pretty consistent. We have more takeout orders. I noticed in the last year and a half more and more people are ordering takeout and I think so. Our food also travels very well. So you know, you order tacos and you eat after an hour. It still stays the same right. So, people, because of their reason, we're seeing some small percentage increase on delivery and takeout orders.

**Brian Sheehan:** 22:34

Okay, well, that's amazing. What a great story. And, bagash, it was great speaking with you today. Thank you for joining me on Retail Intel. Be on the lookout for new Taco Pros locations opening near you and be sure to check them out on Instagram at taco underscore pros. Whether you're an aspiring real estate mogul, a seasoned pro or simply curious about the places where we shop, dine, play and work, this podcast is

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