

2025 Case Question

Inspiration for the question: <https://www.deseret.com/utah/2025/06/06/popular-southern-utah-bakery-acquired-setting-up-expansion-to-wasatch-front/>

Bonrue Bakery (formerly Farmstead), a Southern Utah artisan brand with \$12 million in annual sales from three St. George stores, was recently acquired by Lehi investors. Management plans to open six stores along the Wasatch Front (Provo–Ogden corridor) within two years.

The Wasatch Front has ~3 million residents (~ 80 % of Utah's population). Existing major competitors include Kneaders, Great Harvest, and Village Baker. Kneaders is the largest and operates 40 stores nationally and 20 along the Wasatch-Front, each averaging \$1.5 million in annual revenue. Kneaders accounts for roughly 50 % of the corridor's specialty bread/bakery-café sales.

Question

1. Assuming Bonrue can capture a 20% share of the total market what would their revenue per store be for each of the six new stores?
2. How many specialty bakery-café outlets can the Wasatch Front currently support? Should Bonrue proceed with the expansion plan? Explain your reasoning.

Case Question Solution:

Actual Answer and Key Assumptions:

Bonrue Bakery Market-Sizing Case (2025)

1. Key Facts Provided

Wasatch Front population ≈ 3 M

Kneaders: 20 stores $\times$ \$1.5 M each = \$30 M sales

Kneaders holds $\approx 50\%$ market share

2. Total Market Size

Total market = \$30 M / 0.50 $\approx$ \$60 M

3. Bonrue Projection

Target share = 20% of \$60 M $\rightarrow$ \$12 M

Six stores $\rightarrow$ \$12 M $\div$ 6 = \$2 M per store

4. Market Capacity Check

Supportable outlets = \$60 M / \$1.5 M ≈ 40

Student should state assumptions about how many other stores exist besides kneaders to see how close they get to 40.

Current outlets $\approx 35\text{--}40 \rightarrow$ near saturation

5. Good Answer

"At 20% share Bonrue would average about \$2 M per store. The corridor can support roughly 40 specialty bakery cafés and is likely already close to that level if we make assumptions about number of great harvest and Village Baker locations. Bonrue may want to consider a smaller pilot of 2–3 stores first to validate demand before rolling out all six.

Score on a 4 point scale

1 point - they computed total market size of 60 million

1 point – they computed average bonrue per store of 2 M

1 point – they computed total number of stores the market could support (40) using a reasonable assumption., e.g. taking the average of 1.5 million dollars revenue per store and using that to divide the total market size of 60 million gets 40 stores.

1 point logical recommendation.

Good reasons could include starting smaller with a pilot pointing out that the average store revenue have 2 million is lower than what they get in St. George. Pointing out that the market is nearly saturated.

Student Instructions

On the next page you will have the opportunity to respond to a business case question. You will have a total of 3 minutes.

The first minute is not recorded and gives you a chance to do an initial reading of the case question. After 1 minute, the recording will start and you have two minutes to finish reading, perform any needed calculations, and to explain your answer. At the end of 2 minutes, the camera will stop and your response will be recorded.

Here are a few tips to perform your best:

1. Once the recording starts, think out loud and/or explain the reasoning you went through. Part of what we are evaluating is how you think about analytical problems like these.
2. Explicitly state any assumptions you make to arrive at final answers.
3. Have a pen, paper, and a basic arithmetic calculator (i.e. your phone calculator) handy to help you with your calculations.
4. Three minutes will go fast so plan to work quickly.

Before you answer the estimation problem, we would like to know a bit about your experience with these kinds of questions. In 1000 characters (or less) please describe the amount of experience you have with estimation problems. The right answer here is the honest answer. Some students have a great deal of experience and others have none, this is just for our information as we plan for the future. Example responses could be:

1. I have never practiced a case interview question before
2. I have practiced a few case interview questions with friends in the program, etc.
3. I have practiced regularly for the last 6-12 months.

Any use of AI or resources other than pen, paper, and a basic arithmetic calculator are not allowed and will result in immediate withdrawal of a student's application from consideration.