Part-timers also receive paid vacations. General managers make over $100,000 a year plus bonuses and a full-benefit package that rivals anything in the corporate world. Managers who meet goals are sent on lavish trips with their spouses, often to Europe in first-class seats. For gala events, managers wear tuxedos. Executives believe that the men and women who run In-N-Out stores stand shoulder-to-shoulder with any blue-chip manager, and want them to feel that way. Managers are promoted from within. In fact, 80 percent of In-N-Out managers started at the very bottom. As a result, In-N-Out has one of the lowest turnover rates in an industry famous for high turnover.

Happy, motivated employees help create loyal, satisfied customers. In fact, words like *loyal* and *satisfied* don't do justice to how customers feel about In-N-Out Burger. The restaurant chain has developed an unparalleled cult following. When a new In-N-Out first opens, the line of cars often stretches out a mile or more, and people stand in line for an hour to get a burger, fries, and a shake. Fans have been known to camp overnight to be the first in line. When the first Arizona store opened in Scottsdale, people waited in line for as long as four hours while news helicopters buzzed above the parking lot.

Slow Growth Nurtures Fans

Some observers point out that it may be more than the food and the service that created In-N-Out's diehard customer base. In-N-Out's slow-growth expansion strategy means that you won't find one of the famous red-and-white stores with crisscrossed palm trees on every corner. By 1976, In-N-Out had grown to only 18 southern California stores, whereas McDonald's and Burger King had opened thousands of stores worldwide. It took the company 40 years to open its first non-California store in Las Vegas. And even as the company expands into Arizona, Utah, and Texas, it sticks tenaciously to its policy of not opening more than about 10 stores per year.

The lack of access to an In-N-Out in most states has created legions of cravers coast to coast. Countless Facebook pages have been created, filled with posts by consumers begging the family-owned corporation to bring In-N-Out to their states. But In-N-Out's policy is driven by its commitment to quality. It will open a new store only when it has trained management and company-owned distribution centers are in place.

The scarcity of In-N-Out stores only adds to its allure. Customers regularly go out of their way and drive long distances to get their fix. Driving a little further contributes to the feeling that going to In-N-Out is an event. Out-of-state visitors in the know often put an In-N-Out stop high on their list of things to do. Jeff Rose, a financial planner from Carbondale, Illinois, always stops at In-N-Out first when he visits Las Vegas to see his mother. "You have to pass it when you drive to her house," he says in his defense. "It's not like the time I paid an extra $40 in cab fare to visit an In-N-Out on the way to the San Diego airport."

Consistent with the other elements of its simple yet focused strategy, In-N-Out doesn't spend much on advertising—it doesn't have to. In fact, while the company doesn't release financial figures, some estimates place total promotional spending at less than 1 percent of revenues. McDonald's shells out 7 percent of its revenue on advertising. In-N-Out's small promotional budget is for local billboards and radio ads. But when it comes to really spreading the word, In-N-Out lets its customers do the heavy lifting. Customers truly are apostles for the brand. They proudly wear In-N-Out T-shirts and slap In-N-Out bumper stickers on their cars. Rabid regulars drag a constant stream of new devotees into restaurants, an act often referred to as "the conversion." They can't wait to pass along the secret menu codes and share the sublime pleasures of diving into a 4 × 4 animal style. "When you tell someone else what 'animal style' means," says an analyst, "you feel like you're passing on a secret handshake. People really get into the whole thing."

In-N-Out doesn't use paid endorsers, but word-of-mouth messages regularly flow from A-list celebrities. When former *Tonight Show* host Conan O'Brien asked Tom Hanks what he recommended doing in Los Angeles, Hanks replied, "One of the true great things about Los Angeles is In-N-Out Burger." Paris Hilton famously claimed she was on her way to In-N-Out when she was pulled over for a DUI. And paparazzi have snapped shots of scores of celebrities getting an In-N-Out fix, including Miley Cyrus, Selena Gomez, Christian Slater, and Nick Jonas. The fact that such celebrities aren't paid to pay homage to the brand underscores that In-N-Out is truly a hip place.

A Questionable Future?

Many have questioned whether or not In-N-Out's unwavering 64-year run can be sustained. For example, the company that had been run only by Harry, Esther, or one of their two sons for its first 58 years hit a barrier in 2006 when Esther Snyder passed away. The only direct descendant of the Snyder family at that time was 23-year-old Lynsi Martinez, who was not yet in a position to take over the company. That left In-N-Out in the hands of Mark Taylor, the former vice president of operations. But as directed by Esther Snyder's will, granddaughter Lynsi took over as In-N-Out's sixth president in 2010 before her 28th birthday. Often described as shy, Martinez also progressively gained ownership of the company.

The fact that the changing of the executive guard has gone by unnoticed by customers and fans is an indication that the In-N-Out legacy carries on. With long lines snaking out the door of any location at lunchtime, demand seems as high as ever. "The more chains like McDonald's and Burger King change and expand, the more In-N-Out sticks to its guns," says the analyst. "In a way, it symbolizes the ideal American way of doing business: Treating people well, focusing on product quality, and being very successful." In-N-Out's customers couldn't agree more. When it comes to fast-food chains, delighted customers will tell you, "There's In-N-Out, and then there's everyone else."

Questions for Discussion

1. Describe In-N-Out in terms of the value it provides for customers.
2. Evaluate In-N-Out's performance relative to customer expectations. What is the outcome of this process?
3. Do you think In-N-Out should adopt a high-growth strategy? Why or why not?
4. With so many customers drawn in to In-N-Out's "no-change" philosophy, why don't more burger chains follow suit?

Sources: Jay Weston, "In-N-Out Burger's 'Secret Menu' Revealed," *Huffington Post*, April 6, 2012, www.huffingtonpost.com/jay-weston/in-n-out-burgers-secret-menu_b_1407388.html; Meredith Land, "Inside the In-N-Out Burger Empire," *NBCDFW*, November 17, 2011, www.nbcdfw.com/the-scene/food-drink/Inside-the-In-N-Out-Burger-Empire-134008293.html; Stacy Perman, "In-N-Out Burger: Professionalizing Fast Food," *Business Week*, April 9, 2009, www.businessweek.com/stories/2009-04-08/in-n-out-burger-professionalizing-fast-food; Dan Macsai, "The Sizzling Secrets of In-N-Out Burger," *Fast Company*, April 22, 2009; www.fastcompany.com/blog/dan-macsai/popwise/sizzling-secrets-n-out-burger-qa and www.in-n-out.com, accessed November 2012.