

KFC plans to add even more stores in Africa

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16 Jan 2013

YUM! Restaurants International continues to expand the footprint of its KFC brand on the African continent, with plans to add stores in Tanzania, Uganda and Zimbabwe this year, the company said on Monday (14 January).



"Africa is undoubtedly one of the fastest-growing regions globally and KFC is fully committed to harnessing this opportunity and building a sustainable business model on the continent," said Bruce Layzell, KFC general manager of new African markets.

Global brands are progressively looking to emerging markets to offset sluggish growth in traditional economies and Africa presents a compelling investment case for retailers.

The Economist Intelligence Unit predicts that by 2030, Africa's top 18 cities could have a combined spending power of \$1.3trn.

One of the main drivers of Africa's growth spurt is the increasing pace of urbanisation and consumerisation.

The number of KFC restaurants in new African markets grew to 63 at the end of last year, in countries such as Angola, Nigeria, Malawi and Ghana.

The figure excludes South Africa, Egypt, Morocco and Mauritius, which, if included, brings the total number of KFC restaurants on the continent to almost 900 outlets.

Local company Famous Brands, whose portfolio includes Wimpy, Debonairs Pizza and Steers, said heightened interest from prospective franchisees continued in the rest of Africa.

The company has outlets in more than 15 African countries including Nigeria, Ghana and Zambia.

There is a caveat: Africa is not an easy place to do business. Key risks include the lack of real estate, currency volatility, high taxes, corruption and red tape.

According to Spur Corporation chief executive Pierre van Tonder, African expansion is "made out to sound like it's a pot of gold".

"But whatever you think is going to take 12 months there actually takes you 24 months. You need to be a facilitator in developing Africa, you need to be flexible, and you cannot take your corporate governance baggage out of South Africa and expect to develop in Africa," Van Tonder said.

Famous Brands chief executive Kevin Hedderwick said: "We've been in Africa for 12 years, we are not like those guys who just started there yesterday. We've paid our school fees - it's a tough place to trade."

In the 2013 financial year, Spur Corporation plans to open eight new restaurants in Africa in countries such as Zambia, Kenya and Tanzania, as well as a second restaurant in Nigeria, two in Mauritius and one in the Seychelles.

Despite typical challenges such as power shortages, and a lack of quality building materials and potable water, KFC's commitment to investing in Africa has not been diminished - in fact, longer-term growth plans include establishing a KFC in the Democratic Republic of the Congo, Ethiopia and Senegal.

Layzell warned that taking a blanket approach to conducting business in Africa did not work.

"Our KFC restaurants in each market differ - our aim is to make our brand relevant in a local context. We won't cut and paste a South African KFC into Nigeria or Zambia," he said.

Source: *Business Day* via I-Net Bridge

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