

Yum growth needs to be Streetwise too

By [Nick Hedley](#)

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YUM Restaurants International is establishing a steady platform for its KFC brand on the African continent from which it intends to grow "exponentially" in the future, according to Bruce Layzell, the group's general manager of new African markets.



The number of KFC restaurants in Africa has grown rapidly. The group now has over 1,000 restaurants on the continent, although SA still makes up the majority of the group's African portfolio.

Layzell said in an interview on Summit TV last week that while setting specific targets for the number of outlets in Africa was "irrelevant", the group intended to grow the brand "as fast as we can" on the continent.

The group was entering countries including Zimbabwe and Uganda and was looking to expand into other new African markets as well. Nigeria would be "a gem in Africa" for the group, given its size, economic growth driven by oil wealth and its growing middle class.

However, while the group intended to grow rapidly - especially outside of the Southern African Development Community region in which it had operated for decades - Layzell said the continent was "a super challenging place" with different problems in each market.

Building a platform

As such, the group did not want to make mistakes and would focus on building itself a steady platform now which would enable fast growth in five or six years' time, he said.

KFC was the group's key brand in expanding on the continent but Yum also operates the Pizza Hut and Taco Bell brands.

Layzell said the introduction of Taco Bell to SA was "not on the cards" in the near term.

David Novak, chairman and chief executive of Yum Brands, said in the group's 2012 annual report that Yum was "making major progress in Africa, a continent with endless possibilities where it clearly have first-mover advantage".

"We are driving major growth from our base of about 700 KFCs in SA and expect to add another 45 restaurants in various regions to the South African portfolio this year.

"By the end of 2012, we had expanded to 14 African countries, including the biggest ones, Nigeria, Kenya and Zambia. In 2013, we intend to expand to Tanzania, Uganda and Zimbabwe," Novak said.

Global brands are progressively looking at emerging markets to offset sluggish growth in traditional economies, with Africa among the most sought-after emerging regions. The Economist Intelligence Unit predicts that by 2030, Africa's top 18 cities could have a combined spending power of US\$1.3trn.

Local franchise group Famous Brands, whose portfolio includes Wimpy, Debonairs Pizza and Steers, also sees "significant potential for businesses" in the rest of the continent, according to chief executive Kevin Hedderwick.

Famous Brands has a significant portfolio of restaurants in the rest of Africa. However, Hedderwick said last month that Africa "is not an easy place to trade", and the group had "certainly paid our school fees".

Source: Business Day via I-Net Bridge

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