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Going global? Take these top 3 QSR expansion strategies along

International expansion can — under the right circumstances and leadership — be both a boon and balance to QSR brands' domestic business, though it's an action few successful brand leaders undertake lightly or without plenty of input since just as global expansion can grow profits, it can also lead to a QSR's demise. There are, sadly, numerous instances of even very restaurant brands expanding into areas with inadequate consumer buying power, a misaligned partner or just vastly different food preferences on distant turf.

There are, however, a trio of top strategies that brands should keep top of mind at the outset of their potential path around the world.

Priority One: The place you choose

There's a huge upfront investment for brands that want to take on new and always at least partly unfamiliar territory. From supply chain demands and legal issues to training and support needs, location can be a huge factor in ultimate success. Additionally, opening a brand in a small country is just about as costly as doing the same in a large nation, but the potential number of restaurants and resulting royalties over time are very different.

These are the chief reasons why the country you select for expansion will be the most important factor in your global growth since a poor choice in this area will restrain the brand's ability to open the number of stores necessary to provide an acceptable ROI. To do all you can to avoid such a mishap, brands must absolutely perform financial projections for each country or territory under consideration to project ROI for ultimate feasibility.

Adapt ... or die

Almost every country a brand enters demands some level of adaptation of the menu, atmosphere and even customer experience offered. Whether it's a cultural issue or taste profile, nations and the people that live in them vary widely in tastes, preferences and even social styles.

Consider India where the predominant Hindu religion holds cows to be sacred, requiring burger chains relocating there to either adapt their menus, or suffer the consequences. That's but one of the better known examples, but just about every country and culture has their own preferences.

It's also important for brands to consider adding local flavors and dishes to their menus in some manner to give customers there a sense of comfort and familiarity during their first visits. Small changes to existing menu items as well as the addition of local dishes goes a long way to build bridges in a new country and prompt return visits.

Know licensee companies before closing deals

Since global growth relies on local partners, it pays to know very well what kind of local business your QSR best licenses to, based on in-country experience, real estate access and supply chain connections. Brands should also strongly consider whether the destination nation and licensee company actually have the capital to support the brand through expansion.

This is why many QSRs have strict minimum requirements for the licensee companies they consider for partnerships and will lay out one-third of their overall international marketing budget vetting these potential partners.

Consider also simply granting a license for a portion of a country until you can determine how a licensee performs and develops. One Mexican brand, for instance, initially granted only permitted a portion of India to be licensed to a partner, but after the company successfully opened 35 restaurants they were given the rights to the brand nationwide.

For brands considering an overseas move, strongly consider building a financial model that analyzes revenue, expenses and number of units developed there for a period of at least five years first. Then do the market research required to optimize menu adaptation and due diligence on potential licensee partners and chances at success are greatly increased.

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Topics: Asian/Chinese, **Business Strategy and Profitability**, **Customer Service / Experience**, **Equipment & Supplies**, **Food & Beverage**, **Franchising & Growth**, **Mexican**, **Supply Chain**


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