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McDonald's to open restaurants in Zimbabwe

By Dumisani Ndlela

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US-based fast food giant McDonald's has cast its sights on Zimbabwe, 11 years after its initial plan to start restaurants in the country failed due to an unprecedented economic and political crisis.

McDonald's had indicated its interest in Zimbabwe in 1997 and wanted to open a franchise in the country in 1999 but a political storm that year, which later precipitated an unprecedented crisis that saw inflation levels soaring to record highs, forced the fast foods giant to retreat.

But things are now looking up after formation of an inclusive government last year and the ditching of the domestic currency in favour of a hard currency regime which has brought stability into the once-crisis-torn economy.

Seeking partners

In a statement obtained by Bizcommunity, McDonald's International Franchising said: "We have not set a firm date for the development of McDonald's restaurants in Zimbabwe. Eventually we will take steps to open McDonald's restaurants in Zimbabwe."

The statement however indicated McDonald's was already seeking potential holders of the franchise in Zimbabwe and would compile a database of potential partners in the country.

These, it said, would need to be of high integrity with business experience in the market, history of success, ability to work well with a franchisor, ability to complete a training program that can take about nine months, willingness to devote full-time to the McDonald's restaurant business, retail experience, knowledge of the real estate market and significant capital.

Competition in the fast food sector

"We will retain all information sent to us in a database and give (applicants) consideration when we take steps to develop McDonald's restaurants in Zimbabwe," the company's international franchising arm said.

The coming of McDonald's into Zimbabwe would bring competition to the fast foods sector, currently dominated by Innscor Africa's fast food franchises - Chicken Inn, Bakers Inn, Creamy Inn and Vasilis, a bakery and coffee concept.

Innscor is also the Zimbabwean holder of South Africa's Steers, which has over 450 franchises in Africa, and Nandos, a restaurant chain originating from South Africa but with a Portuguese theme. Nandos operates in about 30 countries on different continents.

The Zimbabwe Stock Exchange-listed group also holds the franchise for US-based and NASDAC-listed Pizza Inn Plc, another restaurant franchise serving pizzas, pasta dishes, salads and chicken wings.

Innscor rebrands

As if readying itself for the competition, Innscor has already started rebranding its outlets under a new program. Innscor chairman David Morgan would determine the group's long-term success by presenting "powerfully branded and world-class retail operations with a footprint that reaches throughout Zimbabwe and to certain regional territories".

"Considerable capital is being invested in this program and the new outlets have been identified for expanding this business," Morgan said.

But one observer pointed out that Innscor could still leverage its balance sheet and experience to clinch the McDonald's franchise in Zimbabwe. The company fits the description of a potential partner for McDonald's in all respects but would have to face up to scrutiny from the Competitions and Tariffs Commission if it decides to represent McDonald's in Zimbabwe.

Innscor also took control of the Spar distribution centre in Harare and a 65% shareholding in Spar Zimbabwe, formerly a wholly-owned subsidiary of Spar South Africa, in 2001.

ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on dndlela@yahoo.co.uk.

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