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U. S. FAST FOOD SPEEDS OVERSEAS

By Haya El Nasser

From USA Today

SUMMARY: U.S. fast-food restaurants are opening in countries around the world, responding to demand for the popular eating spots. U.S. companies operate some 5,500 restaurant franchises in foreign countries, says the U.S. Department of Commerce.

LENGTH: 380 words

PHOTOS: One (No. 86-818c)

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U.S. FAST FOOD SPEEDS OVERSEAS

By Haya El Nasser

There's a hungry new world of middle-class families with growing disposable incomes and a yen for all that's from the USA. And the USA restaurant industry is happy to oblige.

Those most eager to make an intercontinental leap: fast food and chain restaurants.

The fast-food industry is not as developed in other countries and "that gives us the opportunity to be No. 1 in a lot of markets," says Martin Annese, manager of strategic planning for PepsiCo Food Service International, owner of Pizza Hut and Taco Bell chains.

"The populations in many foreign countries are young and like to try new products and concepts," says Andrew KostECKa, of the U.S. Department of Commerce's office of service industries. "In addition, more and more women everywhere are going to work."

A Commerce Department study shows that USA companies operated 5,516 restaurant franchises in foreign countries in 1983, compared with 3,912 in 1979 (the latest figures). Canada and Japan are the major markets for USA franchisers.

"It's a much less competitive arena," says Michael Culp, analyst with Prudential-Bache Securities Inc.

McDonald's Corp. had about \$665 million in capital expenditures in 1984. About \$195 million went outside the USA. "That's a high proportion," says William Trainer, a Merrill Lynch & Co. (financial) analyst. "And as far as any

other publicly held companies I cover, no one comes close to it."

By September 30, McDonald's had 1,831 restaurants abroad, 206 more than at the same time last year. And 101 of the 270 restaurants being built at the time were outside the USA.

But McDonald's "is the first one to admit that it takes sometimes as much as 10 years before they begin to make good healthy profits. It's a very long haul," says Culp.

Burger King Corp. opened its first restaurant outside the (but it took until 1985 for its international division to show a profit, says Joyce Myers, a spokeswoman. Burger King has 400 restaurants in other countries.

"Our basic development plan is to open restaurants overseas as quickly as we can build a customer base to support them," a Wendy's International Inc. spokesman says.

USA companies sometimes own overseas restaurants but most join forces with foreign investors or sell franchises.

What some chains are doing:

KFC Corp. operates 1,700 Kentucky Fried Chickens in 55 countries -- not including 700 stores in Canada that are operated independently. Most of its stores are through joint ventures. The company is expected to open a store in Beijing (China) next year and others in Canton and Shanghai.

Pizza Hut has 481 restaurants outside the USA, twice what it had three years ago.

Wendy's opened its first overseas restaurant in 1979 and now has 201 in 18 countries.

On a smaller scale:

Nipper's, owner of fashionable champagne clubs in Santa Barbara and Beverly Hills, California will open in London next year and has plans for spots in France and West Germany.

Haya El Nasser writes for USA Today, a daily U.S. newspaper.

CAPTION:

U.S. FAST-FOOD restaurants are opening in countries around the world, responding to demand for the popular eating spots. U.S. companies operate some 5,500 restaurant franchises in foreign countries, according to the U.S. Department of Commerce, including the Burger King restaurant in Korea, shown here. Photo Courtesy of Burger King Corporation. (No.86-818c)

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