

The Winning Formula for Nigerian Fast Food Players

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The fast food industry in Nigeria is arguably one of the fastest growing sectors in the country having grown from a total size of ₦25.2 billion in 2004 to ₦190 billion in 2009, which translates to a compounded annual growth rate (CAGR) of 40% over this five-year period. In spite of the success the industry has recorded, opportunities still exist for prospective and current players. To compete with global brands, operators must look beyond expansion to crucial issues like operational efficiency and quality service delivery.

Fast food is a formalized means of consumption that is usually strategically located to suit the purpose (s) of market operators and those of their target customers. The origin of fast food restaurants, otherwise known as quick service restaurants, in Nigeria can be traced to the late 1970's and early 1980's when we had brands like Kingsway Snacks, Leventis Snacks, De Facto and Kas Chicken. Today, the list of brand names in the industry has increased as high sales volumes encourage the influx of new players.

The Nigerian fast food market is highly competitive with the major players; Mr Bigg's, Tantalizers, Tastee Fried Chicken, Sweet Sensation and Chicken Republic accounting for 70% of the industry's annual turnover while the remaining 30% is controlled by the other players. A consumer survey conducted by Augusto & Co. revealed Tastee Fried

Chicken as the market leader in terms of quality and Sweet Sensation in terms of African cuisine.

The sector has undoubtedly been experiencing a "boom" in recent years which can be attributed to the fact that the hectic lifestyle of many Nigerians does not allow the luxury of home cooked meals. Since fast food is convenient and readily available, it has become the choice of many young adults and upwardly mobile individuals. In the same vein, industry players have gone beyond serving quick foods like snacks to venturing into African delicacies. This strategy of capturing more markets has expanded the customer base of the industry over the past few years. The industry evolved significantly between the years of 2000 and 2004 where the industry witnessed the influx of many more players into the previously somewhat monopolistic market of the Mr Biggs era. The period recorded a phenomenal nominal growth rate of 37% while real growth rate stood at 23%.

The success of any company depends on the efficiency of its operations, effective marketing and its ability to provide fast and efficient service. By focusing on innovation and implementing sound strategic plans, players have the potential to claim significant portions of the market.

THE WINNING FORMULA

- Selecting strategic locations
- Understanding and addressing customer wants
- Delivering excellent service
- Providing a wide selection of options
- Implementing an efficient quality control mechanism

Selecting strategic locations

The level of competition in the fast food industry is only rivaled by that of the banking and telecommunications industries in the sense that in a bid to capture the market ahead of others, food restaurants surface in every environment that is considered viable. It is also common in the industry to find fast food restaurants concentrated in a particular

and recommendations. Customers are ultimately responsible for the operators' pay checks, therefore, by understanding their needs, operators can tailor their products and services to better meet customer's demands. One of the ways to understand customer needs is through survey. By using the intelligence obtained, operators can tailor their products to meet the specified needs. With this in place, customers are offered exactly what they want and may even be willing to pay extra to get what they want.

A survey conducted by Chipotle Mexican Grill, a subsidiary of McDonalds, revealed that customers typically prefer customized meals to standard meals. When the strategy was implemented, it reflected positively on their sales figures.

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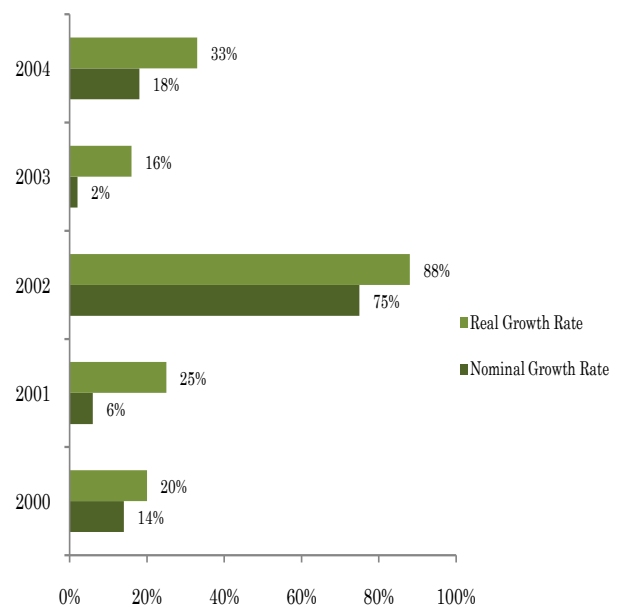
location, especially in industrial and commercial areas. Operators need to think 'strategy' when selecting locations rather than focusing solely on market trends. The fact that other operators have profitable outlets in a particular location does not imply that the same location will be profitable for another. In selecting locations, operators must consider the following.

- Nearness to market
- Accessibility
- Positioning

Understanding and addressing customer wants

Having a proper understanding of consumer needs does not only guarantee fast food operators patronage but also customer loyalty

GROWTH RATE CHART FOR THE NIGERIAN FAST FOOD INDUSTRY



Efficient Service Delivery

By applying the basic principle of delivering meals quickly and efficiently, fast food operators stand to differentiate themselves from other competitors and consequently develop a reputation for efficiency. People patronize food outlets principally because of speed and the convenience it affords them in the midst of their busy schedules. Therefore, if customers have to wait in line for prolonged periods then they are better off going to regular restaurants where it averages takes about 20 minutes to get orders delivered. Though there are many operators in the market, only few adhere to this fundamental rule. Those that stick to it will have an advantage over other operators.

Successful brands ensure that the food products from suppliers are preserved according to hygiene standards laid down by regulators. One way of guaranteeing food hygiene and freshness is by exploring strategic alliance options in which they will be closely involved in the production processes.

In conclusion, the Nigerian fast food industry is a rapidly growing industry and for operators to reap maximum benefits, they must apply fundamental principles, such as operational efficiency and excellent customer care as this is the only way they can compete globally.

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Providing a Wide Selection of Options

Successful operators offer a wide selection of offerings as this gives them an edge over other competitors that offer only conventional meals. The main menu of Nigerian fast food restaurants includes pastries, different types of chicken, salads, pizza amongst other foreign delicacies. To carve a niche for themselves, Sweet Sensation introduced African dishes into its menu and ten years later, they are still considered the market leaders in African cuisine.

Efficient Quality Control System

The need for a robust quality control system in the fast food industry cannot be over emphasized because of the benefits such a system can give, which include food hygiene and customer loyalty. In the Nigerian market, Tastee Fried Chicken has been repeatedly recognized as the market leader in terms of the quality of its products and this is perhaps the reason why customers patronize them regularly, resulting in long queues in their outlets.

References

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