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Wendy's expanding to Mideast

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BY TRACY TURNER

THE COLUMBUS DISPATCH

Wendy's expansion into foreign markets continues, with the chain's latest destination the Middle East.

Wendy's/Arby's Group said yesterday that it will build dual-branded restaurants in the Middle East and northern Africa. It follows last month's announcement of expansion in Asia.

The latest move marks the company's first agreement with an international franchisee to bring the Wendy's and Arby's brands together under one roof, Roland Smith, president and CEO of Wendy's/Arby's, said in a statement.

"We believe dual-branded restaurants will generate higher sales volumes and better return on investment, making this approach particularly compelling to our international franchisees," Smith said.

The agreement with Saudi Arabia-based Al Jammaz Group calls for the company to build 135 dual-branded restaurants in nine countries in the Middle East and northern Africa over 10 years.

Specialized Catering Services Est., a division of Al Jammaz, plans to open the first restaurant in Saudi Arabia in early 2010.

Arby's already is present in Dubai and Qatar, but restaurants there are not part of the Al Jammaz agreement, Smith said.

At least one analyst says the overseas expansion is a good move for the company.

Opening co-branded stores with a company in the region is wise, said Howard Davidowitz, chairman of Davidowitz & Associates Inc., a national retail consulting and investment-banking firm based in New York.

Where in the world?

Wendy's/Arby's has 723 Wendy's restaurants and 124 Arby's restaurants outside the continental U.S. The top 10 international markets for Wendy's locations:



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"It's an intelligent way for Wendy's to grow," he said. "It looks to me like a very well thought-out approach with a strong partner."

The company has 350 Wendy's restaurants and 10 Arby's restaurants outside the U.S. and Canada, company spokesman Bob Bertini said. The majority of the restaurants are in South America and the Caribbean, he said.

While Wendy's menu is largely the same regardless of location, regional preferences and dietary considerations do influence offerings, Bertini said.

For example, Wendy's offers shrimp sandwiches in some Asian markets, jalapeno cheeseburgers in Mexico, jerk chicken in Jamaica, teriyaki burgers in Japan, and refried beans and tortillas with breakfast in Central America, he said.

"You have to take into consideration the popularity of certain foods in different regions of the world," he said, adding that it is "too early" to say what the menu will look like in the new Middle Eastern restaurants.

Wendy's recent overseas expansion includes last month's agreement with Kopitiam Investment Pte, the largest food-service management operator in Singapore, to build 36 locations there within the next 10 years.

Bertini said the company will test dual branding in the U.S. next year.

"In the longer term, it may make sense to have dual-branded stores in markets that have high real-estate costs," he said.

Wendy's is the third-largest fast-food chain in the U.S. The corporate parent is based in Atlanta; the Wendy's brand retains its headquarters in Dublin.

tturner@dispatch.com

The first restaurant is expected to open in Saudi Arabia early next year.

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