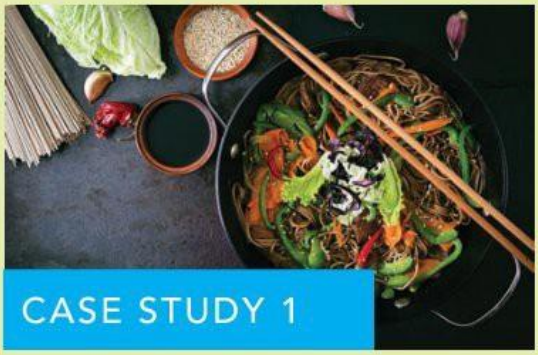
KEYWORDS

market entry
market involvement
risk and control
indirect exporting
domestic purchasing
export houses
piggybacking
trading companies
indirect exporting
exporting
distributors
management contracts
franchising
direct marketing
wholly owned subsidiary
contract manufacture
licensing
acquisition
joint venture
strategic alliance



CASE STUDY 1

Wagamama's international expansion

Created by Alan Yau in 1992, Wagamama is a restaurant chain with its headquarters in the UK. The restaurant is designed around the concept of a Japanese ramen bar, serving a variety of noodles, rice, vegetarian and vegan dishes with pan-Asian flavours. By 2018, the chain had grown to 185 restaurants, 129 of which are in the UK (see Table 7.2). Other restaurants are located in Europe, the Middle East and New Zealand. A total of 51 Wagamama restaurants are franchised and it operates in 23 countries.

One of the reasons that Wagamama has had the opportunity to grow is because the trend for consumers eating out has shifted towards casual dining. However, Wagamama is not alone in the casual dining market. Its main competitors include Gondola Group, Casual Dining Group, Gordon Ramsey Holdings and YO! Sushi Group. The brand has been a key player when it comes to healthy eating, something that is becoming prevalent within the casual dining market. And to respond to the growing number of vegans in the UK, a 360 per cent increase since the late 2000s (Mintel 2017), Wagamama introduced vegan dishes to its menu. This introduction was popular with consumers and received great press coverage particularly after winning an award at PETA's 2017 Vegan Food Awards for 'Best Curry', namely their Yasai Samla Curry (PETA 2017).

Wagamama has many strengths, the brand itself being one of them. Its Chief Executive has made a conscious effort to develop Wagamama as an 'urban brand' with restaurants in prime locations in large, vibrant cities. Recognition does not just come from the internal team, as it has received many awards ahead of its competitors such as the Gordon Ramsey Group and Nobu London (Dodkin 2016). Its strong brand image has encouraged an extensive social media following from over 500 000 followers on Wagamama GB Facebook; 55 000 followers on @wagamama_uk twitter and 63 000 on @wagamamas_uk Instagram, used as leverage to maintain loyal customers. Loyal fans are invited through social media to book and be VIPs at pre-launch events. The brand also introduced a mobile app which aims to improve customer engagement, while understanding customer behaviour, to aid new business development and marketing strategies. But more importantly the wagamamaGO app provides a bill-less pay system which saves diners around 12 minutes at each meal because they do not have to wait for the bill to arrive and go through the process of paying with the waiter or at the till.

Financially, Wagamama is strong, with group turnover increasing 12.5 per cent like for like to £72.1 million in Q3 2017–18. In the UK it has traded ahead of the

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Table 7.2 Wagamama restaurant chain composition

	For the 12 weeks ended		For the 40 weeks ended	
	January 28, 2018	January 29, 2017	January 28, 2018	January 29, 2017
Company-operated restaurants [1]	**134**	**127**	**134**	**127**
United Kingdom restaurants	129	123	129	123
United States restaurants	5	4	5	4
Company-operated restaurant openings during the period	1	2	8	8
Company-operated restaurants closures during the period	0	0	(2)	(5)
Franchised [2]	51	40	51	40
Total	**185**	**167**	**185**	**167**

(1) Company-operated restaurants include all of our restaurants in the United Kingdom and the United States.
(2) Franchised restaurants as at the dates listed were located in Belgium, Greece, Ireland, Malta, The Netherlands, Northern Ireland, Denmark, Sweden, Cyprus, Slovakia, Turkey, Qatar, United Arab Emirates, Bahrain, New Zealand, Gibraltar, Saudi Arabia, Bulgaria, Spain, Italy and Oman.

Source: Wagamama (2018) *Q3: 2017–18 Report Interim Financial Statement www.wagamama.com/ p. 7.*

competition consistently for over three years. However, over 90 per cent of its revenue is generated from the UK market. Clearly, as shown in Table 7.2, Wagamama is moving beyond the UK borders and has announced plans to provide franchising opportunities in Croatia, Finland, Germany, Hungary, Kuwait, Luxemburg, Norway, Poland, Romania and Switzerland. By expanding the business further, it will allow the brand to strengthen operational capabilities, effectively and efficiently delivering products and services which are customer driven (Coleman 2016). Finally, expanding globally will enhance the geographic footprint, capturing market share and new target markets everywhere.

Though there is limited information on specific costs and training details provided by Wagamama, Point Franchise states the minimum investment for a Wagamama franchise is approximately £40 000. This does not include further information on additional advertising fees, operating fees or royalties. However, evidence can be seen of Wagamama's care for its brand and franchisees in what it calls the 'whole life' system – an on-going process and training structure to ensure each franchise reaches its full potential in leadership and management (Wagamama 2018).

The restaurant's innovation, connectivity and dedicated expansion through their Company Operated and Franchised businesses has not gone unnoticed, earning them the prize of Multiple Casual Dining Restaurant of the Year at the Casual Dining Restaurant & Pub Awards 2017.

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You are an advisor to Wagamama

EITHER

Discuss whether Wagamama's UK success might translate effectively/not translate effectively internationally to your own country. What recommendations would you make to Wagamama?

OR

If Wagamama is already present in your own country, what recommendations would you make relating to future activity?

INSTRUCTIONS

- Word count – 500 words
- Write in paragraphs, not bullet points
- Justify your recommendations
- Don't spend too long on this!
- Email your answer in the first instance to copil.yanez@ed.ac.uk