

South American Food Chains Use Florida as US Gate

BY FERNANDO PEINADO, Associated Press



In this photo taken Friday, Aug. 15, 2014, Ismael Telleria, left, prepares an order at El Corral restaurant in Miami. Colombian hamburger chain El Corral has over 200 locations in Latin America and arrived to the U.S. in early 2013. (AP Photo/Alan Diaz)

MIAMI (AP) — When El Corral Burgers opened its first U.S. restaurant near Miami last year, Colombian-Americans came in droves to get a taste of home.

They had missed the chain's 20 different recipes of freshly made burgers, which back in the South American country are frequently recommended by proud locals to foreign visitors. An average of 620 Colombians and others showed up each day during the first six weeks.

"We had lines longer than Disneyland. Some came from Tampa and Orlando," says Juan Mario Patino, a vice president of 4JS Management, the company's U.S. franchisee.

El Corral is among a growing number of South American restaurant chains that are using South Florida as the gateway to the U.S. market. Juan Valdez, a Colombian company named after the fictional coffee farmer used in the country's ads, plans to open 60 franchised cafes in South Florida in the next five years in a fresh attempt to challenge Starbucks on its home turf. Giraffas, the Brazilian second-largest fast-food chain, opened its first U.S. restaurant in North Miami three years ago and has launched 10 more since.

With America's fast-food and fast-casual restaurants generating a combined \$231 billion annually in sales, these companies and others are hoping to get a small but

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growing bite. They bring to the table flavors of a different variety.

"Americans are always interested in something new and different," says Warren Solochek, a restaurant analyst at market research firm NPD Group. "If you have a new sort of restaurant that is coming into an area, people are always going to be interested in trying it out to see if fits their needs."

In the last five years, cities like Miami, Boston and New York have seen an influx of European and Latin American brands looking to test the U.S. marketplace, according to Darren Tristano, executive vice president of Technomic, a food industry researcher.

Given that its population is two-thirds Hispanic, Miami-Dade County is preferred by South American companies because they are familiar to many residents. The companies rely on the role of their fellow countrymen as U.S. ambassadors of their brands.

"I tell all my friends they should come here," says Colombian-born Andres Lopez, 24, at the El Corral restaurant in Brickell, the financial district of Miami. "The quality of their meat is the best."

But the companies say they are aware that to grow they need to appeal to a broader clientele, not just expatriates.

"We don't want to be the brand of Hispanics," says Alejandra Londono, the vice president of international business at Juan Valdez.

The company is targeting coffee lovers and is looking to differentiate itself with varied offerings that include beans from different regions of Colombia and artisanal methods of preparation.

"We want the experience of drinking coffee to be authentic," Londono said.

El Corral and Giraffas are aiming to position themselves in the fast-casual sector, which promises higher quality of food for an affordable price. In 2014, this sector, which includes companies like Panera and Chipotle, is expected to grow 10 percent.

Giraffas, whose menu features steaks and burgers "with a Brazilian twist", was listed among the top 25 movers and shakers in 2013 and 2014 by the website Fastcasual.com.

By 2020, Giraffas wants to have between 100 and 150 U.S. stores.

"To make a difference in the U.S. you have to have hundreds of locations," says Joao Barbosa, the CEO of Giraffas USA.

The real litmus test for these companies is the expansion beyond cities with a large Hispanic population, says Joseph Ganitsky, the director of the University of Miami's Center for International Business Education and Research.

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"They are national champions but if they do not have an aggressive strategy and connect with the national trend, they will not get very far," says Ganitsky.

An example for these companies might be the rapidly-growing Spanish chain 100 Montaditos, which entered the U.S. in 2011 through Miami and already has brought 17 of its tavern-style restaurants to four other states: New York, Maryland, Virginia and Iowa.

Its CEO in the U.S., Francisco Javier Cernuda, said the brand has had a good reception in the non-Hispanic majority areas where it has already opened stores, such as Manhattan; Davenport, Iowa or West Palm Beach, Florida. "Our restaurant is so unique that people accept it very well," said Cernuda.

Guatemalan fried chicken chain, Pollo Campero, also targeted its countrymen when it entered the U.S. through California in 2002. It has since expanded to 55 locations across the country.

But regardless of whether the companies will expand beyond Florida, they also see their presence here as a showcase to the rest of the world.

Barbosa says that since Giraffas started operations in South Florida, the company has received dozens of requests from companies all over the world showing interest in licensing the brand.

"With our 11 locations here we make much more noise in the world than with the 400 we have in Brazil," Barbosa said. "If you reach success in the U.S. the chances to go global are easier."

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