

31/01/1998

Cosmo to open more Burger King outlets

COSMO Restaurants Sdn Bhd - the franchise holder of Burger King restaurants in Peninsular Malaysia - plans to invest some RM20 million to open 15 more outlets this year.

With its first restaurant recently opened at the Sungai Buloh overhead bridge on the Projek Lebuhraya Utara Selatan's (PLUS) Highway, the planned openings would be mainly in the Klang Valley and they would also support PLUS' Rest and Service Areas.

Next in line after the outlet in Sungai Buloh are two restaurants to be opened at Carrefour Wangsa Maju and Carrefour Subang Jaya.

In an interview with Business Times, Cosmo Restaurant's managing director Mohd Harris Pardi also revealed that it would be opening at an average of 10 restaurants a year.

"We will look at our opportunities, but we will also try to maintain a sensible growth", he said.

Cosmo Restaurants was established in April 1994 with the main purpose of operating the Burger King restaurants in West Malaysia. East Malaysia has another franchise which is Living Bread Sdn Bhd.

Living Bread is actually doing quite well in Sabah and Sarawak with six outlets, according to Harris, and Burger King restaurants there are growing in numbers.

A popular restaurant brand in the world, Burger King has more than 9000 outlets worldwide in 56 countries. In fact, it is the second largest restaurant brand in the world.

Total sales reached up to US\$9 billion (US\$1 = RM4.57) last year and it is still growing.

On the home front, Cosmo Restaurants is responsible for the franchise and it decided to capitalise on the Prime Minister Datuk Seri Dr Mahathir Mohamad's idea of having a restaurant on an overhead bridge.

According to Harris, Cosmo was quick to latch on the idea as it is a novel notion which would provide a captive market, especially "for commuters, as it will be a convenient stop for them."

Response to the restaurant so far is very positive, he added.

"Sales are very good and very encouraging. It has been higher than what we anticipated", he further noted.

PLUS even reported that the Prime Minister himself will officially open the Sungai Buloh restaurant after the festive season.

Investment for the Sungai Buloh outlet totalled slightly over RM1 million with kitchen equipment constituting most of the cost at RM800,000.

Its director of support services Azahar Abdul Aziz, said that Cosmo Restaurants was not spared from the economic situation as most of the equipment are bought from abroad.

On the possibility of equipment price appreciation due to the falling ringgit, Harris said that the price will likely remain the same.

"We can probably maintain it if we are able to reduce and also substitute certain equipment with those that are locally made.

We will reduce costs as much as we can as our franchisor is always supportive of this," Harris said.

Currently with tight financing being a concern for most companies, Cosmo procured a loan of RM10 million from a local bank for its first five outlets to be opened this year.

"Initially in our operations, we used our shareholders' funds because

banks have been very cautious," Azahar said.

Lending from the bank would eventually proceed, depending on the future five outlets showing good performance.

Having entered "quite late" in the fastfood picture, Burger King is faced with competition from the "big boys", such as McDonalds and KFC. Hence "realistic" results for the first five years are anticipated.

"The fast food industry is growing at an annual rate of 10 per cent with current total sales of RM600 million. In five years, it will probably reach RM900 million to RM1 billion and we expect to secure 10 per cent of the market share by then," Azahar elaborated.

"Our products are superior, coupled with good ambience, which is the Americana 50's concept," Harris said.

Another concern for Burger King is the high staff turnover rate in the fast food industry. A solution which Burger King came up with was a monthly salary instead of paying workers by the hours.

"For the time being we are using our restaurant and headquarters to train and develop our staff but we will have a training centre before the end of this year. We will be putting in some RM200,000 for the centre," he added.

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