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Sumo Sushi & Bento celebrates its 15th anniversary this year; Alpha Maiava charts out the growth of its franchising plan across multiple markets

“BY THE END OF THIS YEAR, WE SHOULD ANNOUNCE A FEW MASTER FRANCHISEES FOR INDIA AND ALSO THE MASTER FRANCHISE FOR SAUDI ARABIA.” – Alpha Maiava.

Cover Story
Sumo Sushi & Bento

LICENCE TO ROLL

Ahead of the brand’s 15th birthday in August 2015, Sumo Sushi & Bento International franchise sales and international growth manager Alpha Maiava talks about the slow and steady growth of the franchisee network and where it’s going next

By Devina Divecha

Portrait photography by Richard Hall

Japanese family dining franchise Sumo Sushi & Bento was launched in 2000 by four Dubai-based entrepreneurs. Already open in the UAE and Bahrain, in its 15th year the brand is charting an expansion plan targeting further GCC countries, as well as South Asia and beyond.

The brand only became a franchise in 2007 after three outlets were born, and within 12 months saw four new venues pop up across the UAE and Bahrain. Recently, the company signed a new franchisee – Naranjee Hirjee Catering LLC in Oman, which will open three new restaurants in Oman in the next five years, starting with the first by mid-2015. Once these outlets come online, there will be 15 Sumo Sushi & Bento restaurants in the GCC distributed across the UAE, Bahrain and Oman.

However, this new expansion plan has ramped up quicker than the rate of acceleration in the first decade of Sumo Sushi & Bento’s existence. What brought about the onslaught of expansion? Sushi & Bento International franchise sales and international growth manager Alpha Maiava says the team likens it to taking the time to “perfect the formula” until they were confident with the quality of the product.

Talking about the Omani plans, Maiava says: “Oman for us has always been an interesting location. Economically, Oman in general is showing a lot of growth signs. In Dubai, we noticed that we managed to convert a lot of Emirati consumers – we’re one of the few brands of this niche market of food that can boast quite a few Emirati consumers.

“So we wanted to see how we can do that with other GCC countries. We succeeded in doing that in Bahrain, and we wanted to do the same in Oman.

“There’s also Qatar and Kuwait, but we felt that after Bahrain we wanted Oman as our next location.”

He also says the restaurants have many Omani customers who have repeatedly asked for its presence in their home country. Maiava adds: “It’s consumer-driven, opportunity and economic factors.” Oman will mark the fourth franchise deal with Sumo Sushi & Bento, with one in Bahrain and two in the UAE.

The brand currently owns and operates three branches in Dubai: Jumeirah Town Centre, Dubai Media City, and JLT. "The rest of our locations are all franchised and it's a model that we'd like to pursue and see how far we go with it," he says.

Citing Naranjee Hirjee as an ideal partner whose values match Sumo Sushi & Bento's, Maiava says the franchisee will operate the outlets, and will have the right to choose the location in consultation with the franchisor. Here's where Maiava reveals how flexible Sumo Sushi & Bento is when it comes to working with franchisees, while also staying focused on the profitability for not just itself, but also its franchisees.

He explains that the firm has its own market study and formula in terms of how Sumo can work in any given location. It also works to support the franchisees as much as possible. Additionally, if a franchisee does not have an existing platform, Sumo Sushi & Bento will provide the back office, logistics and ordering systems.

"Because Sumo Sushi & Bento is a model, it's a platform for investment. Some people buy a taxi, we sell a mechanism for investment in food. And so we provide training for every particular role from front-of-house, to service, to the kitchen and restaurant managers. We go as far as the delivery drivers," says Maiava.

The reason for the last one, he says, is the business mix, with delivery making up a big chunk of the brand's operations.

He explains: "It is an extension of our business so we put a lot of emphasis on that. And part of the reason why that same model would actually be beneficial in Oman."

A look at the branch in the new Murooj complex in Dubai, which is preparing for its grand opening this month.

Another feature of this model is that it's easy to work out the size of the outlet, and whether it's going to be "240m² or 300m²". Maiava explains: "We have a system that will give you an idea of how big you can go that's going to be [profitable]... So if you want an ROI in about two years, we will give you the size of the outlet and the kind of operation you need to have.

Sumo Sushi & Bento can also be found in Bahrain, located at The Lagoon on the Amwaj Island.

"That's been the success of Sumo: it's a dynamic model, so if you look at location A, B, C... it doesn't matter because we have a business mix. For instance, JLT is a great location but it can sometimes be chaotic when it comes to looking for parking so we've squeezed it down to 80% delivery. It generates the same revenue as Media City, where Media City is 54% dine-in. That's part of the value that we offer."

This works out as a plus point, making Sumo Sushi & Bento an attractive franchise opportunity because as Maiava says, it offers franchisees less problems when it comes to picking a location. "What we're saying to people is that we are an investment option, and this is how it will work for you."

How long before this investment shows returns? Maiava reveals anywhere from two-and-a-half to three years is realistic for its franchisees.

With a 15-year history, it's also important that the new franchises get the DNA of the brand right. A factor to be considered is how the Japanese concept ensures all its franchised outlets provide the same experience to customers across the world.

Maiava says: "We have to make sure our principles are shared by you [the franchisee] as well. You do make some compromises here and there but you have to make sure the core values are exactly the same. And first of all, they must believe that our value for us growing will produce the same amount [of value] for them."

He continues: "The benefit of being within the GCC is that it makes it very affordable and flexible for us to make sure we can monitor that as best as possible." But it's also about training, he adds. Once done right, it can prove to be advantageous for all.

A popular dish on the menu – The Emperor's New Roll.

> *"WE'VE EMBARKED ON A JOURNEY FROM APRIL 2014 TO APRIL 2016, WHEREBY IN DECEMBER NEXT YEAR WE WANT TO HAVE DOUBLED THE NUMBER OF OUTLETS."*
> *– Alpha Maiava.*

Sumo Sushi & Bento's dessert – green tea panna cotta.

Another place where standards are discussed is to do with suppliers. Explaining the model, Maiava comments that while the firm has a list of ingredients and whom its suppliers are, the challenge is that "everyone has a guy who has a guy" who may get the same product at a cheaper rate.

"That became a bit of an argument – so we said 'as long as it matches the quality that we approve'. And we've done the same model for our contractors. Instead of us saying use certain people, we've allowed the franchisee to consider any suppliers as long as it meets the quality. And thankfully, the suppliers we provided in terms of logistics is shared by most of our franchisees because the quality is king at the end of the day."

Quality and flexibility – all of this comes at a price. Costs to become a franchisee of Sumo Sushi & Bento are considered as per dual systems within the company. Maiava says the brand has two systems at this point, which will change soon with the addition of new markets.

He says: "Both [systems] are multiple units, the difference is the sizes and where it's applicable. For three minimum outlets, you're looking at UAE, Oman, Qatar, Bahrain, and potentially Kuwait. Saudi Arabia is a much bigger country so you're looking at a minimum of five [outlets]. And the franchise fee varies with the bundle, so for a minimum three outlets you have US $25,000 per outlet so that's $75,000 for all three, and a $100,000 for five."

When asked about franchise fees versus royalties, Maiava says: "We operate on the multiple unit model which most other upcoming brands do – which is where you pay a franchise fee in the beginning and then you pay a monthly royalty fee, which is usually split between a percentage of the earnings for the company, and a percentage from marketing.

"Our percentages are 5% and 2% from marketing. So it's 7% altogether, which is around the average for most franchises."

With the brand's presence in three GCC countries, Maiava is now ticking off the Kingdom of Saudi Arabia, and also further afield is the Indian prospect – both of which have pipelines already in place.

He reveals: "By the end of this year, we should announce a few master franchisees for India and also the master franchise for Saudi Arabia."

The Saudi Arabian growth is down to the popularity of the Bahrain branch with the KSA population. Another consideration is obviously economic with regard to the food trends in the Kingdom. "In the Saudi market, 60% of the population is between the age of 20 to 30. That's a young population and everybody wants to go somewhere, and we'd like to present ourselves as part of the option when you're eating out or thinking about dining. Their food and beverage market is growing by 25% unlike any other country in the GCC, so it's something to follow."

With India, Maiava says the team is now in the third stage of the process. "We've done the study, we're now selecting the franchisee. We've divided India to certain regions and we're looking for franchisees based on those regions." Additionally, India may well be the first franchise for the brand which is licensed.

Saudi Arabia and India may not be a multiple unit franchise agreement, because they have the capability to be more than five units, says Maiava. "We're looking at a master franchise, so that's something we haven't had before."

What's next? Johannesburg, South Africa is of interest, with the potential of setting up there as the home base for the African market, and "use that to be the advertising board for Nigeria, Kenya and Ghana".

Maiava says: "We're looking at it in terms of the middle class and upper class wealth that exists there. People tend to look at the stereotype of the child with the fly on their eye instead of looking at the business community in general."

Long-term, Maiava doesn't rule out Europe either. "We'd like to think that we're strong enough to be in Europe – whether the size will be different, whether we will end up being a kiosk because real estate is a bit of a challenge in Europe, who knows? But the founding family has set it up in a way where it's dynamic. It will move either with time or price or space." The company is also in the process of opening up in the US and that could be either in 2016 or 2017, and will be handled by a different team.

He concludes: "We've embarked on a journey from April 2014 to April 2016, whereby in December next year we want to have doubled the number of outlets.

"But we take each commitment and each region seriously. We don't open here and there... we have to make sure that we're solid. We want to offer the same value as our market position here, anywhere we go. So if we can't be that, then that's going to change Sumo, and if it's going to change Sumo 20%, then it's not Sumo. That's the measuring barrier for us."