

Greg Solomon has a tricky job to reposition McDonald's SA

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McDonald's has been in the country for nearly 21 years and is making marketing and strategy changes as it looks to compete with newer fast-food brands.



A Malaysian family leaves US fast food chain restaurant McDonald's. Picture: [Reuters/Bazuki Muhammad](#)

CEO Greg Solomon, who has worked at the restaurant chain in different positions over the past 20 years, said he had a vision to make McDonald's a modern and contemporary burger business that could grow in SA, despite competition from an array of brands. "Globally McDonald's used to reinvent the brand every 20 years. We now want to re-invent ourselves every seven years. The original vision was to roll out many high quality McDonald's outlets quickly, as we looked to be a brand that could feed the nation. Now, we must be a modern American-style burger business," he said.

McDonald's opened its first restaurant in SA in November 1995, in Blackheath, Johannesburg. This was followed by one in Tiger Manor, Western Cape, soon after. The aim now is to open between 20 and 30 new stores annually.

Solomon started his career as a civil engineer and joined McDonald's in 1996 as a project manager in the firm's construction department. He was involved in the building of many of the early McDonald's restaurants across SA. He then worked in operations and was appointed MD of McDonald's SA in January 2009. Under his leadership, sales have grown, guest counts increased, customer service improved and operating income has risen year on year.

As many as 8-million customers visit McDonald's 240 outlets in SA each month. The company employs 11,500 people and owns 40% of its stores. Drive-thrus account for 57% of McDonald's annual revenue.

However, McDonald's SA is now facing competition from the likes of RocoMamas, The Great Burger Company and Hudsons The Burger Joint.

Some industry analysts have said Solomon has not necessarily been able to implement all the plans he wanted to in the past two decades. "Solomon has really tried very hard to promote the company against all odds. I believe the company has some very successful franchisees in certain parts of the country, but the proof of the pudding is in the eating — even with a huge marketing budget and the backing of the world's largest fast-food company, McDonald's has only had limited success in SA over the past 20 odd years," said Chris Gilmour, investment analyst at Absa Wealth And investment Management.

"It has no plans to expand in the rest of Africa. It has less than 300 stores round SA and a higher percentage than normal are corporate stores, and not owned by franchisees. You can compare this with KFC, which has over 700 stores in SA and has expanded into the rest of Africa. Famous Brands has well over 2,000 stores."

Solomon is hoping to grow McDonald's SA's coffee business. Gilmour said the company had "done reasonably well with coffee in recent years, but has not really risen to the challenge of the new brands, like Burger King and others. Starbucks resonates with young, upwardly mobile professionals and thus probably has a lot more legs in it. McDonald's appeal might be broader, but is probably declining," he said.

Deputy President Cyril Ramaphosa, who bought into McDonalds SA in 2011, is set to sell his interest.

The new developmental licensee will be a recently established local entity, MSA Holdings, which is owned by UAE-based Emirates African Restaurant Management Company.

Source: Business Day

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