

PGDM-IB (2020-22)
Franchising & Global Retailing
IB-433

Trimester IV End Term examination, September 2021

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Section A

Attempt any three.

Word limit: 300 words

M M =10* 3 = 30

1. (A) With reference to the Alexander and Myers classification, pick any major Indian retail company and describe where this company sits within this classification. Discuss in detail. (CILO-1)
Or
(B) With reference to Pellegrini's typology, pick any major Indian retail company and describe where this company sits within the typology. Is this typology still relevant or have there been additions beyond this typology? Discuss in detail. (CILO-1)

2. (A) List ten grey areas (5 internal and 5 external) to international retailing and evaluate them. Critically examine how many of them are the real challenges to international retailing. (CILO -2)
Or
(B) Discuss three of the main consumer trends in the 2020s as per the reports, and assess the impact such trends will have on retail in the immediate future. (CILO -2)

3. (A) Explain how round-tripping and trans-shipping of FDI has helped small economies like Cayman Islands, Luxembourg and Singapore become major players. (CILO -3)
Or
(B) Terrorism is now considered a major political risk when thinking of international expansion. Explain the various types of terrorist risks which are considered by companies before investment in a country. (CILO -3)

Section B

M M= 10* 2 =20

Case Study is compulsory and is for 20 marks.

1. Which foreign market(s) should Wendy's chief executive officer, Penegor, target, and how many restaurants should he open in each market? (CILO-2)

2. Which FDI model—Greenfield investment, acquisition, or joint venture—is most suitable for each of the prospective countries? Explain your reasons for the same. (CILO-3)

WENDY'S: A PLAN FOR INTERNATIONAL EXPANSION¹

In May 2018 in the United States, Wendy's faced an important decision related to its international markets. The company had a small international presence: of its more than 6,500 restaurants worldwide, only 637 were located in international markets. The company was faced with a saturated and stagnating U.S. market as well as fierce competition from a number of fast food rivals including McDonald's Corporation (McDonald's), Burger King Corporation (Burger King), and Carl's Jr. Restaurants LLC (Carl's Jr.), and the surest path to growth seemed to be expansion into foreign markets, where fast food was still growing.² Todd A. Penegor, Wendy's chief executive officer, needed to determine which international market(s) to target and how many restaurants to open in each market.

HISTORY OF WENDY'S

Wendy's was founded by Dave Thomas on November 15, 1969, in Columbus, Ohio. As of May 2018, Wendy's was headquartered in Dublin, Ohio, and was the third-largest hamburger chain (behind McDonald's and Burger King), with over 6,500 restaurants, most of which were located in North America. By 2017, the majority of the company's restaurants were franchised locations—only 637 of the company's restaurants were company owned and operated. Further, Wendy's franchise agreements were such that Wendy's controlled the exterior store appearance, food quality, and menu, while franchisees determined the hours of operation, interior décor, pricing, uniforms, and wages.³

Wendy's menu centred on hamburgers, French fries, chicken sandwiches, and its signature Frosty dessert, arguably Wendy's most famous and well-known offering.⁴ The Frosty, a soft-serve ice cream dessert offered in vanilla and chocolate flavours, had also been sold as an ice cream float. Recently, the company had introduced Frosty Shakes—a Frosty blended with either vanilla bean, strawberry, or chocolate fudge syrup. For years, Wendy's signature hamburgers had been its single, double, and triple burgers, which featured a square patty (as opposed to a round one). However, in 2011, the company replaced its iconic hamburgers with the release of the Dave's Hot 'N Juicy line—thicker patties were introduced and the classic square edges were eliminated. A number of other changes were introduced: the cheese was stored at a warmer temperature, which meant that it melted over the patty. Changes were made to the bun as well as to the produce and condiments—white onions replaced red onions, and mustard was eliminated as a condiment. While the new line of burgers was re-named as Dave's, the words *single*, *double*, and *triple* were retained.⁵

In 2012, Wendy's decided to reintroduce breakfast offerings in its North American outlets. The company had unsuccessfully attempted to roll out a breakfast menu in both 1985 and 2007. In May 2018, Wendy's typical breakfast offerings included breakfast sandwiches and breakfast burritos. In January 2014, the company introduced its Ciabatta Bacon Cheeseburger, which featured a quarter-pound beef patty, aged Asiago cheese, applewood-smoked bacon, rosemary garlic aioli, and oven-roasted tomatoes. This item was originally intended to be offered for only a limited time, but due to its success, Wendy's decided to feature it permanently. Recently, the company introduced a black bean burger, containing (as of May 2018) black beans, wild rice, farro, onions, brown rice, carrots, quinoa, corn, and green and red bell peppers. Sauces and seasonings for the black bean burger typically included red wine vinegar, chili peppers, cumin, cilantro, oregano, and sea salt.⁶

Wendy's had also introduced the Baconator. In May 2018, this burger was available in three different varieties: the Single Baconator, the Double Baconator, and the Triple Baconator. The Single was composed of a quarter-pound patty accompanied by mayonnaise, ketchup, three slices of bacon, and two slices of cheese, while the Double consisted of a half-pound patty, mayonnaise, ketchup, six slices of bacon, and three slices of cheese. The Triple featured a three-quarter-pound patty, mayonnaise, ketchup, nine slices of bacon, and four slices of cheese.⁷

International Locations

Wendy's first foray into an international market occurred when it opened an outlet in Hamilton, Canada, in 1976. The first European outlet soon followed, when Wendy's opened a restaurant in Munich, Germany, in 1979.⁸ In the early 1980s, the company entered the Asian market. Restaurants were opened in Japan in 1980, in Hong Kong in 1982, in the Philippines and Singapore in 1983, and in South Korea in 1984.⁹ However, the company closed all restaurants in Hong Kong in 1986 and in Singapore in 1987 in response to an economic slowdown. From 1988 to 1990, Wendy's opened outlets in a number of international markets: Mexico, New Zealand, Indonesia, Greece, Turkey, Guatemala, and Italy.¹⁰ In 1996, Wendy's opened 18 restaurants in Argentina, but by 2000 all of these had been closed. By that time, Wendy's had also exited the South Korean market, as well as the United Kingdom and Hong Kong markets.¹¹ Wendy's re-entered Singapore in 2009; however, by April 2015, it had closed all restaurants and exited that market. In 2011, Wendy's re-entered Japan and Argentina by opening 50 restaurants in each country. The company also expanded to Russia; but by 2014, Wendy's had closed all of its restaurants in that country. In 2013, Wendy's entered the country of Georgia, and in 2015 it entered India (see Exhibit 1).¹²

POTENTIAL INTERNATIONAL MARKETS FOR A WENDY'S EXPANSION

The following markets were identified by industry experts as having high growth potential:

Africa

In May 2018, the fast food industry was in the nascent stages in Africa. However, some industry experts predicted that the African fast food market would experience significant growth in coming years. These experts pointed to a changing lifestyle as the key reason for the growth of fast food in Africa. In May 2018 this changing lifestyle was being driven by a rising middle class and rising incomes in many African countries. As a result, people had greater disposable income and were likely to need food on the go.¹³

"As incomes rise and all of the usual emerging market dynamics are in play, such as urbanization, [and] more hectic lifestyles, many people in Africa are also gaining access to chained/branded restaurants for the first time," commented Elizabeth Friend, a strategy analyst with Euromonitor International. Friend also pointed to curiosity as another factor in the potential growth of fast food in Africa (especially since people were posting their culinary experiences online, through various social media): "They're curious about the foods their peers are eating and the restaurants they are going to, and they're eager for a chance to try them out for themselves."¹⁴

Other analysts agreed that the African fast food market could see significant growth: "In Africa as a whole, and particularly sub-Saharan Africa, we're starting to see real growth in terms of the number of households with the kind of disposable income that can support eating out," commented Michael Schaefer, head of Consumer Foodservice at

Euromonitor International. “If we look at just South Africa, Nigeria, Cameroon, and Kenya, you’re now seeing about 16 million households with disposable incomes of [US]\$5,000 a year or more, which is not a great deal, but is often considered the level when people might start to eat out on a regular basis,” indicated Schaefer.¹⁵ Although Africa was considered to be a relatively new market in May 2018, some North American fast food companies had already established operations in Africa by that time. In May 2018, KFC Corporation (KFC)(formerly Kentucky Fried Chicken) was the market leader in Africa, with 840 restaurants across various countries—South Africa, Angola, Namibia, Botswana, Malawi, Ghana, Kenya, Zambia, Tanzania, and Uganda—while McDonald’s was second with 387 restaurants across six countries—South Africa, Egypt, Morocco, Kenya, Mauritius, and Tunisia. By May 2018, Burger King had also established a presence in Africa, with 120 restaurants in Egypt, Ivory Coast, Kenya, Morocco, and South Africa.¹⁶

Within Africa, a few markets were identified as having potential for growth:

Egypt

Egypt, a country with a population of approximately 92 million, was expected to experience continued population growth. Most experts forecasted that the country’s population would grow by 2.2 per cent annually for the foreseeable future. Most of Egypt’s population was located along a narrow strip of the Nile River, and in May 2018, its population was young, with a median age of 25.3 years. The main language spoken in Egypt was Arabic, and the most practised religion in the country was Islam; Christianity was the second most practiced religion (see Exhibits 2 and 3). Traditionally, Egypt’s economy had relied on agriculture, tourism, and cash remittances from Egyptians working abroad. By May 2018, a booming economy, increased tourism, and a greater number of people in the workforce contributed to rising incomes among the country’s consumers. With additional disposable income, Egyptian consumers had become much more interested in eating out at restaurants. As a result, significant growth of the Egyptian fast food market had already occurred; for instance, in 2016 alone, the casual dining segment grew by 24 per cent, and substantial future growth was expected. In particular, significant growth was expected to occur in Cairo (the country’s capital city), not only because of its large population (22 million people), but also because of its status as the centre for tourism and commerce in Egypt.¹⁷ McDonald’s and Burger King had entered Egypt earlier, and by May 2018, McDonald’s had 78 restaurants in Egypt, and Burger King had 68 restaurants in the country.¹⁸ In May 2018, there were also two major Egyptian fast food chains, Cook Door and Mo’men. Both chains were established in 1988 and based in Cairo. Cook Door mainly focused on sandwiches and meals, while Mo’men mainly featured sandwiches. The former had had one location until 2013 but had recently expanded to feature multiple locations, while the latter boasted approximately 30 locations in May 2018.¹⁹

South Africa

In early 2018, South Africa’s population totalled approximately 50.7 million. Since the fall of apartheid in 1994, the country had peacefully transitioned to a multi-party democracy. A total of 11 different languages were spoken in South Africa in early 2018. The language spoken by the greatest number of citizens was Zulu, followed by Xhosa, Afrikaans, and English. The country’s dominant religion was Christianity, but Islam and indigenous beliefs were also practised. By May 2018, South Africa was fuelled by mining and agriculture, and its economy had become one of Africa’s largest and most stable.²⁰ In recent years, South Africa had seen rising incomes and a growing number of women in its workforce. These factors led to greater disposable incomes for the country’s consumers, which, coupled with increasingly busy lifestyles, led to more people eating out. This buoyed fast food consumption in the country. In addition, an expansion of the

country's middle class had also helped the fast food industry to grow substantially in recent years.²¹ By May 2018, the South African fast food market had become somewhat established, as the top 10 fast food companies had opened over 3,600 locations in the country. Yet signs of future growth were still present. A large number (over 80 per cent) of South African consumers purchased fast food at least once a month, and this number was expected to grow, as approximately 42 million people were expected to have purchased at least one fast food meal by May 2018. Further, growth in the fast food sector was expected to increase by 9 per cent in both 2018 and 2019, while the number of takeout restaurants was expected to increase by 4 per cent each year during this time span. In addition, the country's retail growth rate was expected to grow by 3–5 per cent in 2019.²² American fast food companies had established operations in South Africa. McDonald's first restaurant in South Africa opened in 1995, and by the start of 2018 the company had over 200 restaurants across nine provinces. Burger King first opened its doors in South Africa in May 2013, and by May 2018 it had 70 outlets in operation.²³ In May 2018, a number of local South African fast food competitors existed, such as Steers, Wimpy, and Nando's. Steers offered flame-broiled hamburgers and homemade chips (fries). Wimpy, a South African chain with American roots, featured classic fast food fare such as hamburgers, chips, and breakfast items. Nando's featured Portuguese-style peri peri chicken—chicken served with peri peri, a Portuguese chili sauce—as well as a number of other Mozambique–Portuguese chicken dishes. While Nando's operated in South Africa, it had also expanded to Botswana, Mauritius, Namibia, Swaziland, Zambia, and Zimbabwe.²⁴

Ghana

In May 2018, Ghana had a population of approximately 29.6 million. Over the last 25 years, the country had transitioned to a multi-party democracy and had made significant strides in the areas of freedom of speech and freedom of the press. English was the predominant language in the country, though some African languages such as Akan and Ewe were also spoken. The country's dominant religion was Christianity, followed by Islam and indigenous beliefs. Ghana's economy relied on gold, cocoa, and oil, and these products had fuelled significant growth over the last decade.²⁵ By May 2018, the country boasted a booming economy, with 7 per cent growth since 2005; its middle class was rapidly expanding, disposable incomes were rising, retail was expanding, and consumers were experiencing changing lifestyles and had begun to embrace fast food. These conditions, combined with reports that Ghanaians were expected to spend a large portion of their increased disposable income on food and drinks, indicated that Ghana could experience significant growth in fast food.²⁶

By May 2018, most American fast food chains had not yet established a strong presence in Ghana. McDonald's had no presence in Ghana; and while Burger King had not yet opened a restaurant in the country, the company was expected to open its first outlet at some point in May 2018.²⁷ However, some competition from local companies existed, with the strongest competitor perhaps being Papaye. Considered to be the McDonald's of Ghana, this establishment offered fried chicken and fish, as well as grilled fish kebabs. Another significant competitor was Frankie's, which featured burgers, pizzas, fries, milkshakes, and Lebanese fast food.²⁸

Kenya

In May 2018, Kenya's population totalled approximately 48.5 million people. The most common language spoken in the country was Swahili, followed by English. The country's major religion was Christianity. Kenya was a democratic republic, with a multi-party system. The country's economy featured a variety of major industries such as agriculture, forestry, fishing, mining, manufacturing, energy, tourism, and financial services.²⁹ Over the last 10 years, Kenya's economy had boomed, and its expected economic outlook was

considered to be favourable for the foreseeable future. The country had seen its middle class expand and disposable incomes rise. Further, the country's consumers had experienced changing lifestyles, which led to more consumers eating out on a regular basis. A large proportion (80 per cent) of the country's population was under the age of 35, and retail growth had been high in recent years. According to industry experts, all of these factors were expected to contribute to significant growth in fast food in the coming years.³⁰ By May 2018, American fast food chains had begun to establish a presence in Kenya. McDonald's announced that it would open its first restaurant in Kenya in mid-2018; Burger King, meanwhile, had opened its first restaurant in 2016 and had three restaurants in the country by May 2018; Hardee's Food Systems Inc. (Hardee's) also opened its first outlet in Kenya in 2016 and had three outlets in operation by May 2018. In addition to the classic American competitors, some competition from local firms had emerged by May 2018. The most significant competitors were Steers and Snack Attack, which focused on chicken burgers and fries.³¹

India

In May 2018, India boasted a population of approximately 1.3 billion, and thus was the world's largest democracy. A wide variety of languages were spoken in the country, with Hindi and English among the most common. Further, a number of religions—including Hinduism, Islam, Christianity, Sikhism, and Buddhism—were prevalent. The country's economy was strong; the country had traditionally relied on a mixed economy.³² In May 2018, the Indian fast food market was a US\$1.12-billion industry, with approximately 2,700 fast food outlets. Despite its size, the market was still considered to be in its initial stages.³³ However, the conditions for growth in the near future were promising: in May 2018, the country had a population of 1.2 billion, with 356 million people between the ages of 10 and 24, making India the country with the world's largest youth population. Further, the rapid urbanization that was expected to occur across the country—not only in large centres such as New Dehli and Mumbai, but also in smaller and mid-size centres—would likely double the population in the next seven years. Approximately two-thirds of the population would be under the age of 30. According to Euromonitor International, the country's 2,700 fast food outlets would not adequately cover the current or the expected population.³⁴

A number of other factors were expected to contribute to growth in the fast food market in India: in May 2018, India was seeing an increasing number of people entering the workforce, as well as significant economic growth, a rising middle class (currently estimated at 250 million), a greater number of employed females, and improved mobility among consumers. These factors had a positive impact on eating-out habits, particularly in the fast food segment. This fact, combined with the expected population increase and the fact that India's current prime minister, Narendra Modi, was a proponent of increased foreign direct investment, indicated that the Indian market could be a lucrative growth market for fast food.³⁵

While most of Wendy's major competitors had already established operations in India, none had a strong foothold in the country. By May 2018, McDonald's was the fast food market leader in India, with approximately 300 restaurants across more than 40 cities. In May 2018, Burger King had a smaller presence in India, with approximately 130 restaurants across 28 cities. However, Burger King planned to open 30–50 restaurants a year until the company felt that it had satisfactory coverage across India. Carl's Jr. had also recently entered India, in 2015, by opening its first restaurant in Delhi. By May 2018, the company had six locations in the country.³⁶ American chains in India (and many other countries) used meal combos that featured low pricing. For instance, KFC offered chicken meals that started at □ 25³⁷ (approximately CA\$0.50), while McDonald's offered hot lunch for less than CA\$1.00. Pizza Hut International LLC offered an iPan personal

pizza for ₹ 60 (approximately CA\$1.16), while Domino's Pizza Inc. sold pizzas for as low as ₹ 44 (approximately CA\$0.85).³⁸ Along with competition from North American fast food companies, in May 2018 there was fairly significant competition from local companies in India. Organized retail made up only 5 per cent of the fast food market. As a result, there was significant competition from independent, stand-alone fast food outlets and roadside *dhabas* (roadside restaurants). While these operators were small, a few chains had emerged by May 2018. One such chain was Jumboking. In May 2018, this Mumbai-based company's key offering was *vada pav* (a deep-fried potato dumpling, a regional dish from the state of Maharashtra), and it had approximately 100 locations across India. Another chain was Goli Vada Pav, a Mumbai-based chain with approximately 350 restaurants across the country. A third chain was Wow! Momo, based in Kolkata. This company's specialty offering were *momos* (dumplings). By May 2018, Wow! Momo had established over 130 locations in India.³⁹

Russia

In May 2018, Russia's population was approximately 142.7 million. The dominant language spoken in the country was Russian, and the most widely practiced religion was Christianity, though some citizens were Islamic. The country's politics in May 2018 were still dominated by Vladimir Putin, whose control over state institutions and the media had grown stronger in recent years. Russia's large economy had traditionally relied on natural resources, especially oil and gas.⁴⁰

While fast food was introduced into the Russian market by McDonald's in 1990, in May 2018 this market was still experiencing—and was expected to continue to experience—significant growth. While fast food existed in all parts of Russia, the fast food market in Moscow (Russia's capital city) was particularly alluring. Its size was estimated to be between US\$400 million and US\$700 million.⁴¹ Two key factors—the rapid expansion of shopping malls and a large number of young people—had the potential to drive fast food growth at a rate of 20 per cent per year in the foreseeable future, according to some industry experts. This was because the rapid expansion of shopping malls was expected to provide significant real estate for fast food, while young people traditionally were more likely to purchase fast food. In fact, market research in Russia revealed that 50 per cent of Russian men and women between the ages of 16 and 50 purchased fast food at least once a week. Furthermore, this group considered location and cost to be the most important factors, while quality and cleanliness were thought to be secondary factors.⁴²

A considerable fast food presence had existed for years in Russia. By May 2018, the market leader was McDonald's, with approximately 609 restaurants in over a dozen cities. McDonald's seemed to have more growth in mind for the Russian market, as the company had stated that it wanted to open a restaurant at every metro stop in Moscow. Other competitors were also present in Russia; Burger King had opened approximately 500 restaurants and had plans to open over 100 more restaurants in May 2018. Carl's Jr. had opened 17 restaurants in St. Petersburg and Novosibirsk.⁴³ In addition to the traditional North American competitors, there were a number of Russian competitors. Most Russian fast food operators could be found in street-side kiosks. The market leaders were Teremok, which offered a variety of commonly known Russian delicacies; Kroshka-Kartoshka (stuffed baked potatoes); Stardog (hot dogs); and Russkoe Blini (filled Russian pancakes). Three of these four competitors had a strong presence across the country: by May 2018, Stardog had approximately 700 restaurants, Teremok operated approximately 400 units, and Kroshka-Kartoshka had approximately 300 outlets.⁴⁴

Emerging Markets

Research by The Hongkong and Shanghai Banking Corporation Limited revealed that the

middle class of emerging markets was expected to grow substantially—up to 1.2 billion people by 2030. This would represent a 950 million person increase in the size of the middle class from the year 2000.⁴⁵ A large and growing middle class was considered critical for the success of fast food, as when people reached middle class, they had enough disposable income to eat at restaurants. The following nations were expected to be critical to the growth of the middle class in emerging markets:

Colombia

Colombia, a large South American country with approximately 49 million inhabitants, had become a more stable market, as crime in the country had decreased. In May 2018, the most common language spoken in Colombia was English, while the country's predominant religion was Christianity. Colombia had established itself as a multi-party democracy. Its economy was typically reliant on oil reserves, gold, silver, emeralds, platinum, and coal.⁴⁶ In recent years, the country's consumers had experienced growing incomes, and there was greater participation by women in the workforce. With larger disposable incomes, as well as increasingly busy lifestyles, more and more Colombians were eating out. Further, the country's consumers were expressing an openness towards new menus and foods. In May 2018, all of these factors pointed to potentially high growth for fast food in Colombia in the coming years. Further helping matters was that at that time, the restaurant industry was not overly saturated, as the country had only about 65,000 restaurants (roughly the same number of outlets as in New York or California).⁴⁷ In May 2018, there were fewer American fast food chains in Colombia than in many other foreign countries. McDonald's entered this market in 1995 and grew to approximately 80 restaurants,⁴⁸ while Burger King entered the market in 2008 and by May 2018 had approximately 40 restaurants in operation with plans to open another 80 restaurants. There was also competition from local fast food chains. Hamburguesas El Corral, a fast food chain that featured mainly hamburgers and hot dogs, and Preso, which mainly served hamburgers, had established a strong presence in most cities.⁴⁹

Vietnam

By May 2018, Vietnam's population had reached approximately 95 million. Further, 70 per cent of this population was under the age of 35, and approximately 13 per cent of it was part of an emerging middle class. The most widely spoken language was Vietnamese, and the most widely practiced religion was Buddhism. In May 2018, Vietnam was still a one-party communist nation, but it was also a nation whose economic growth and development over the last 30 years had led to its transformation from one of the world's poorest countries to a lower-middle-income country. Vietnam's economy had typically relied on a variety of industries, such as food processing, garments, textiles, mining, coal, and steel.⁵⁰ The country's economy was growing, the government had a favourable attitude towards foreign direct investment, and consumers were experiencing busier lifestyles and showing greater interest in fast food than ever before. All of these factors pointed to sustained growth in the fast food sector. Further, as of May 2018, the country's restaurant industry remained largely untapped: there were approximately 530,000 food service establishments in the country, but approximately 430,000 of them were street stalls. Further, few high-profile chains existed; the largest chain was a coffee company, Trung Nguyen, with approximately 1,000 units. The second-largest chain was also a coffee company, Highlands Coffee.⁵¹

As far as fast food was concerned, there were far fewer American fast food franchises in Vietnam than in most parts of the world. McDonald's entered Vietnam in 2014 and crafted an ambitious expansion plan consisting of opening 100 restaurants in the next 10 years. However, growth was slower than expected, and as of May 2018 McDonald's had only about 16 restaurants in Vietnam. Burger King entered Vietnam in 2012, and it too had an ambitious plan of opening 60 restaurants in the next five years. However, Burger King had only 16 restaurants (as of 2016) in operation in Vietnam. Carl's Jr. entered Vietnam in 2010 and had a plan to eventually open 25 restaurants in the country.⁵² Significant

competition existed from foreign fast food chains such as Jollibee Foods Corporation (Jollibee), MOS Food Services, Inc. (Mos Burger), and Lotteria. Jollibee, a Filipino chain featuring hamburgers and ice cream, operated approximately 140 restaurants in Vietnam. Mos Burger, a Japanese fast food chain offering mainly burgers, and Lotteria, another Japanese fast food chain that featured mainly burgers and fried chicken, also had a strong presence in Vietnam.⁵³

WHAT SHOULD BE DONE NEXT

Wendy's was well established in the United States but had a weak international presence. Faced with strong competition and a stagnating market in the United States, the company's best chance to increase revenues and profits seemed to be foreign markets, where fast food was still growing.

EXHIBIT 1: WENDY'S INTERNATIONAL LOCATIONS

Region	Countries with a Wendy's
North America	Aruba, Bahamas, Canada, Curacao, Dominican Republic, El Salvador, Cayman Islands, Guatemala, Honduras, Jamaica, Mexico, Panama, Puerto Rico, Trinidad and Tobago, United States, U.S. Virgin Islands
Asia	United Arab Emirates, India, Indonesia, Japan, Kuwait, Malaysia, Philippines
Europe	Georgia
Oceania	Guam, New Zealand
South America	Argentina, Brazil, Chile, Ecuador, Venezuela

EXHIBIT 2: MARKET SELECTION—MAJOR ECONOMIC INDICATORS

Country	Population (in millions)	GNI per Capita, Atlas Method (current US\$)*	Wealth of Consumers: GNI per Capita PPP (current international \$)**	Future Growth Rate: GDP per Capita Average Annual Growth Rate 2018–2023
Egypt	92.0	3,410	11,000	5.75%
South Africa	50.7	5,480	12,880	1.73%
Ghana	29.6	1,380	4,160	5.47%
Kenya	48.5	1,380	3,130	6.12%
India	1,324.0	1,670	6,500	7.92%
Russia	142.7	9,720	22,540	1.53%
Colombia	49.0	6,310	13,920	3.38%
Vietnam	95.0	2,060	6,170	6.52%

EXHIBIT 3: MARKET SELECTION

Country	Political System: Voice and Accountability (–2.5 to +2.5)*	Legal System: Rule of Law (0–1)**	Commercial System: Ease of Doing Business (1–190)***
Egypt	–1.23	0.36	128
South Africa	0.64	0.59	82
Ghana	0.64	0.59	120
Kenya	–0.15	0.45	80
India	0.41	0.52	100

Russia	-1.21	0.47	35
Colombia	0.10	0.50	59
Vietnam	-1.41	0.50	68