

SALAD DAYS

CAMERON COOPER GETS THE CRUNCH ON THE LATEST HEALTHY FAST FOOD TREND THAT'S WHITTILING WAISTLINES AS IT'S GROWING PROFITS.

The irony is not lost on Kevin Cohen, the franchise manager for the Sumo Salad food chain. After taking some of its cues from the mushrooming salads market in the United States (US), Cohen and the Sumo team in Australia are being swamped with franchise requests—many of them from the US.

"We're going down the franchise path and we're choosing our franchises very carefully," says Cohen. "But we're getting an amazing amount of interest. We've never run an ad and it doesn't look like we're ever going to have to. We get franchise enquiries off our website from all over the world every day—a lot from the US."

Move over sushi. Move over juice bars. Salads seem to be the next big thing in the fast-but-healthy take-away market. The once-innocent lettuce and tomato have never been sexier: choose from a smoked salmon and wasabi salad, perhaps, or pumpkin and pine nuts topped with a honey dijon or mustard and red wine vinegar dressing.

The competitors are starting to line up. Juice queen Janine Allis, founder of the fast-growing Boost Juice chain of stores, is fine-tuning her salads strategy; two Sydney-based entrepreneurs are in the market under the Saladworks brand; the international sandwich chain Subway is a natural competitor, and even burger giant McDonald's is thinking slim.

Franchise fever

Cohen is no stranger to the franchise sector. In his juice phase, he set up the GoManGo smoothie and juice bar chain before selling out recently to Signature Brands Limited, owner of Pulp Juice. And his father, Mervyn, has been a key player behind the rise and rise of the New Zealand Natural ice-cream chain in Australia.

Founders Luke Baylis and James Miller brought Cohen on board to tap into his franchising expertise for a business that promotes a design-your-own-salad menu

including low fat, low-GI (glycaemic index) and low-carbohydrate items. Customers can choose from 50 different ingredients and 15 dressings in any combination. The sumo tag—"We put the sumo in your salad, not in you!"—reflects the menu's Asian influences and generous portions rather than any link to the famous Japanese wrestlers.

Cohen is confident Australians are ready for a healthy lunch alternative that is not overpowered by huge slabs of beef, chicken, lamb and pork.

"It's a real healthy alternative for lunch," he says. "If you go to a food court in your average shopping centre around the country, there's not a whole lot of choice in terms of healthy options."

The recent trend to use juices and sorbets as a meal supplement will soon come under question, according to Cohen, who argues that many juice concoctions are merely snacks loaded with sugar. Salads, on the other hand, are a "guilt-free meal alternative".

Sumo Salad is putting its money where the mouths are. It has three stores in the Sydney CBD and more in the pipeline. Westfield Miranda is home to its first suburban store, while semi-CBD targets such as Paramatta and Chatswood are next in line for NSW. Melbourne, Brisbane and the Gold Coast will follow, while Baylis, Miller and Cohen are discussing opportunities with international interests. Buoyed by winning the National Retail Association's Best New Retail Business Store Award, Sumo Salad hopes to open 50 stores by the end of 2006 in major regional shopping centres, high-traffic leisure precincts and CBD locations throughout the country.

The only hard part, admits Cohen, has been getting men to swap their burgers and chips for a salad.

"There was no challenge in convincing women," he says. "There was a challenge in convincing men that it's a substantial meal and we've succeeded in doing that... But with all



Janine Allis, founder of Boost Juice.



Saladworks salads.
(Above right) Sumo's Kevin Cohen.
(Right) Saladworks' Sean McBride and Phil Abram.



the extras that we've put in our menu it has pushed the fact that it's a substantial meal for men as well."

A super-sized market

A quick glance at the statistics justifies the drive for healthier food options. The Australian Institute of Health and Welfare reports that 19 per cent of men and 22 per cent of women 25 years and over are obese, and an additional 48 per cent of men and 30 per cent of women are overweight. That means that more than eight million Australian adults are carrying too much weight and as a consequence are at a higher risk of developing ailments such as type-2 diabetes, heart disease and high blood pressure. And the rising number of obese children has forced many parents to address diet and weight management issues.

When burger chain McDonald's starts appreciating the fact that salads can help the bottom line, you know the market is undergoing significant change. *Super Size Me*, the documentary in which film-maker Morgan Spurlock gains 11 kilos and gets sick after

eating only McDonald's products for 30 days, has been one motivator for change. However, the truth is that the Australian arm of the fast-food giant has for some time been turning around a long period of stagnation, partly on the back of its Salads Plus campaign.

In June, McDonald's Australia recorded its 11th consecutive month of double-digit sales growth. Salads Plus, launched in August last year, was followed by a range of salads, low-fat muffins, yoghurt and a vegetarian burger on the McDonald's menu. A new breakfast menu is also part of the healthier approach.

At Boost, Janine Allis needs no persuading about the business potential of healthy food lines. Best known for the Boost Juice phenomenon she launched about four years ago and plans to grow to 200 stores by 2005, she is crunching plans for a new range of Boost health bars that will sell salads, herbal teas and health supplements.

Allis sees the expansion into salads as a logical progression from the juice sector, recognising that there are other aspects of the health sector where there are holes.

Although confident she has got her salads right, branding has been a concern. Two stores under the Tossers brand—one in Liverpool Street in Sydney and the other in Melbourne's Collins Street—are operating, but the name has not gone down well with all in the market.

Allis says: "We are finding some problems there, because what I'm finding is that a lot of leasing guys are English, and apparently the word 'tossers' in England is a little bit harsher than in Australia."

The first Boost health bar will be trialled in Wollongong, south of Sydney, where trusted franchise retailer Lube Markovski has been earmarked by Allis as the man to test the market for a range of foods that include yeast-free breads, herbal teas and lean wraps. "Again, all under the health banner," says Allis.

While the US food market has been instructional for Australia's juice industry, Allis says the American salads sector is "underwhelming" and concentrates on processed and packaged salads.

A look at the US shopping experience lends

Mix'n'match: Saladworks and Sumo Salad outlets.



GET A SLICE OF THE ACTION

If you want to jump on the salads bandwagon, the ride won't come cheaply. A Sumo Salad franchise will set you back \$250,000 to \$350,000, depending on the size of the store. However, franchise manager Kevin Cohen notes that a typical Sumo store should turn over more than \$70,000 each month. The Imperial Arcade store turned over more than \$80,000 in its first full month and Sumo expects the summer months to climb to more than \$100,000. Prospective franchisees should be vibrant, but you don't have to be a budding Jamie Oliver or Nigella Lawson. Even though the menu is comprehensive—the range takes in Greek and Asian salads, wraps, breakfast fruits, felaful balls, Vietnamese rice paper rolls, tandoori chicken and yoghurts—all the preparation is outsourced. “The way we've built our business is we allow our franchisees and store managers to focus on the front of house and customer—there's no food preparation involved whatsoever,” says Cohen. The challengers are starting to emerge, but Sumo Salad remains confident it can succeed and sees the potential for brand spin-offs such as take-home family salads and bottled dressings. It has so far repelled approaches from Signature Brands and Richard Branson's Virgin Group as it attempts to go it alone. Cohen suspects the juice market is overcrowded and over-competitive, but is confident growth will be more measured in the salad space.

“I wouldn't say the barriers to entry are great, but there are some very expensive lessons to be learned,” he says. “Having been in this business now for a while and having set up a juice bar from scratch, I think salads are a lot more complicated because the supply chain is so much more broad and there are so many more ingredients. Experience counts a lot more.”

some weight to her theory. Bagged salads have become the second fastest-selling item in American grocery stores after bottled water. For retailers, it is a welcome win: consumers get convenient, pre-washed salads and the products require lower labour and sanitation costs.

Insatiable demand

As the queues continue to increase at the doors of the Saladworks store in Hunter Street, Sydney, partners Phil Abram and Sean McBride have no doubt they have tapped into a sustainable niche.

Saladworks also offers a mix-and-match menu incorporating dressings and ‘toss-ins’ such as croutons, roasted nuts, marinated vegetables and sprouts. Steamed and tandoori chicken, teriyaki beef and Mediterranean octopus are other popular choices, along with gourmet sandwiches and soups.

Irish-born McBride is a rarity in this field: he is a chef rather than a businessman and has worked in world-class establishments such as The King Edward Hotel in Toronto and in Sydney under the direction of executive chef Liam Tomlin at the acclaimed restaurant Banc. He believes his background gives Saladworks an edge over other food outlets that fail to deliver consistency of service and food.

“I thought I could cook until I went to Banc,” says McBride. “That was a turning point for me in terms of attention to detail and consistency.”

He now wants to apply some of that rigour to the fast-food sector.

“I've tried to bring that forward into what we are doing here and tried to systemise a small bit of my knowledge and lock it in by programming the ovens. I've done all the trials and errors.”

Despite interest from venture capitalists and a new store coming on line on the corner of Kent and Market streets in Sydney in January, Abram and McBride are content to wait until they pore over 12-month trading figures.

“From the first day we opened the doors we

got people asking for franchise opportunities,” says McBride. “The idea is to franchise down the track. We've had a lot of offers of money, but we don't just want to take the money. We want to take the right person with money who can help us roll it out en masse.”

The ‘million-dollar question’, according to McBride, is whether the salads concept will catch on in the suburbs. He is reluctant to reveal details, but says Saladworks has a suburban strategy that will involve some form of take-home salads and foods. While the copycats are already replicating the Hunter Street store, McBride believes most won't survive.

“A lot of these operators are money people,” he says. McBride doesn't want to sound cocky when he says, “I don't think the discipline is there. When you are handling food it's a completely different ball game.” ●



Sumo Salad store.