

# In the Zone with MWEB Entrepreneur: Aloha winning formula - Kauai

By bringing healthy food to the fast food market at a time when no-one else was offering it, Kauai found their ideal niche, and have gone on to become a popular and successful brand in South Africa.

The popularity and success of Kauai has shown that healthy fast food is a realistic concept with a widespread appeal, and not one reserved for a small portion of consumers interested in salad leaves and wheatgrass juice.

## Where does the Kauai success story start?

John Berry and brothers Carl and Brett Harwin, three Californian college friends, were living on the Hawaiian Island of Kauai where they ran a freshly squeezed juice company and also shared a dream of opening a sandwich and smoothie shop one day. While in Kauai they started the Kauai Juice Bar with only one juicer and as their small business grew, they went on to supply hotels, restaurants and health food stores with freshly squeezed juice.



In 1995 they came to Cape Town for Carl's wedding to a Capetonian, and after being in Cape Town on holiday for a few days they noticed that they couldn't easily find the types of healthy fast food that they were used to back home; all that was on offer in terms of fast food was a selection of pizzas, burgers and fried chicken. They were surprised that nobody was providing a healthy, convenient food and drink offering in South Africa, as they saw that there was a market for it. It was then that the idea of Kauai was born, which would incorporate their freshly squeezed juice experience

from their Hawaiian Island business, with their dream of opening a sandwich and smoothie shop.

By following their dream to open a healthy fast food outlet, they created a retail concept that became a runaway success story. In the early days, Kauai consisted of three outlets in Cape Town and today there are 119 outlets, including their 'Good to Go' takeaways and Kauai In Motion outlets.



The founding belief that what you eat determines your quality of life is embodied in their "eat better, live better" philosophy, and this essence of the business remains unchanged today. With their range of healthy sandwiches, wraps and salads, as well freshly squeezed juices and a variety of smoothies, Kauai has created healthy convenience food; fast food that is nutritious and at the same time very appealing to eat. By supplying the nutritional information for all their products too, consumers have access to the dietary details of what they are eating.

## Tasty, healthy food

When Kauai first started, the South African public thought that they only served food suitable for health fanatics, but the public's perception soon changed as more customers associated Kauai with serving everyday healthy, tasty food. What started as a pioneering idea in a small niche market soon became a major player.



However, as South Africa remains a relatively small market, Kauai is constantly looking at ways to broaden their market appeal and stay in tune with consumer trends. They have introduced a number of initiatives to do this, including the addition of menu items suitable for children, thereby appealing to parents and widening their customer base. In another innovative initiative, Kauai launched Kauai@School outlets at Reddam House Constantia and Green Point as part of a campaign to expel junk food from South African schools.



A major catalyst in the growth of the brand was establishing a relationship with Virgin Active gyms where Kauai's In Motion outlets offer Virgin Active gym members healthy food on the go. This partnership has created a symbiotic relationship, as Virgin Active needed a service provider who could offer a reliable, healthy and quality product, and Kauai were able to grow their brand. In keeping with their objective to stay up to date and innovative in the health food market, they adapted their menu at the Kauai In Motion outlets to fit in with the gym environment.

In order to remain South Africa's number one healthy fast food brand, Kauai continues to evolve, and through the introduction of new products, extend their appeal to a wider audience. A recent example of this is using Fry's vegetarian products in some of their sandwich and wrap options which offers more variety to their vegetarian customers.

In 2007, Kauai had five franchise outlets, but evidence of how effective franchising can be (approximately 90% of the top 50 fast food brands in the US are franchises) strengthened the company's decision to increase their number of franchised branches. This decision to franchise the business was in line with the company's growth model, as franchising is one of the quickest ways of expanding. Two further initial criteria are needed for the success of a franchised outlet - having people in the system who want to be their own boss, and choosing the right location.



## Franchising

Hendrik Coetsee, Kauai CEO, says that because franchisees are responsible for their own success, they may run their outlets better than the company-owned outlets. They are closer to the customer base, and can determine how to serve their needs better. "Franchising also grows the system quicker to create a bigger brand. Initially the board was hesitant, but it has become the preferred route," he said. Kauai outlets are a combination of being company-owned, joint venture or franchised.

According to Coetsee, the ideal franchisee for the brand is entrepreneurial. He says it is someone who wants to be their own boss, but not necessarily worry about the complexity of running a business. "They don't need to reinvent the wheel," he adds. "They should be able to work within boundaries, share knowledge and use the system provided. They should want to be hands on and love the industry as every game has its injuries." A franchisee should know how to keep their customers happy, as well as enjoy working with people, as there is a large service element to the job. Another important requirement is that an individual should want to be part of a healthy food and lifestyle system.



The Kauai training programme gives franchisees the skills they need to manage and own their own business. "They are set up for success rather than failure, but should they make mistakes, they will have a support system to turn to. You can be your own boss with a safety net in place," he says.

Kauai has a target to double its business by February 2015 by growing its current and new store systems, including more Kauai In Motion stores in line with Virgin Active's expansion.



## Health for convenience

Globally, the health food sector is showing huge growth and consumers are interested in healthy options. While this brings opportunities for brands in the health food industry, it still has challenges, as providing fresh meals can be more costly than the normal burger patty and bun options. As a significant player in the quick service restaurant industry Kauai will continue its mission to convert more people from eating junk food to eating healthy food that makes them feel good, and is beneficial to their wellbeing.

In today's busy world, it is easy to compromise health for convenience, and Kauai is aiming to show consumers that their philosophy 'Eat better, live better' is easy to adopt. As founding partner John Berry says, "The world would be a better place if we took a healthier, more balanced approach to life."

## Fast Facts:

- The first Kauai opened its doors in 1996 in Mostert Street, Cape Town.
- The current number of Kauai outlets is 119, which includes full concept stores, Kauai In Motion outlets and two Kauai@School stores.
- Kauai has a target to double its business by February 2015.

## Fun Facts:

- It takes 1kg of carrots to make 500ml of freshly squeezed carrot juice.
- Roxy Louw and Vanessa Haywood, two South African models and sporting enthusiasts have become Kauai ambassadors, to promote the benefits of a healthy lifestyle.
- None of the Kauai products are fried - the oiliest thing in a Kauai kitchen is an avocado.

Kauai partnered with CANSA in an initiative to promote awareness of different kinds of cancer, raise funds for CANSA from proceeds of a specially developed smoothie, as well as to promote understanding of the benefits of healthy living and the importance of following a healthy lifestyle.

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