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Appetite To Gain The World

More companies have started operating overseas, a process that requires good planning, including mapping potential markets.

By Andrea Vialli, Valor Econômico Newspaper

Whether for pure appetite to win the world or because of current economic circumstances, with the devaluation of the real and retraction of the domestic market, one thing is certain: Brazilian franchises are increasingly being found abroad.

In 2015, national brands totaled 134, an increase of 22% over the previous year, according to the Brazilian Franchising Association (ABF). In 2010, when the first survey was conducted, there were 65 Brazilian companies. "Factors such as the economic and dollar crisis over the Brazilian Real may even anticipate the interest of a company to internationalize. However, these factors, being cyclical, should not be the main reason for expansion," says André Friedheim, Director Of ABF.

He said that a growing number of Brazilian franchises are going abroad is a sign of maturity of the segment in the country, and efforts to promote the export culture - with the participation of networks in trade missions, fairs and international business meetings, in partnership with the Agency for the Promotion of Investments and Exports (Apex-Brasil).

"If we consider that there are more than 3,000 franchise brands in the world and 134 of them operate abroad, there is still room for Brazilian brands to grow out there," he said. Today, the national networks are present in 60 countries (over 53 in 2014) and the United States is the most sought after with 37 brands, followed by Paraguay (25 franchises), Portugal (21), Argentina (16) and Mexico (13).

Considered by the Dom Cabral Foundation (FDC) the most internationalized Brazilian franchise in 2015, iGUi Piscinas de Gravataí, Rio Grande do Sul, began its expansion with caution. The company founded in 1995 became the world's largest manufacturer of fiberglass swimming pools, with a production of 30,000 pools per year, thanks to a strategy that began in Argentina with the sale of swimming pools by well-established merchants. The big jump came when they started licensing plants outside Brazil (there are now 45 units in countries like Argentina, Colombia, Mexico, Portugal and ongoing negotiations in Texas, USA).

It is currently present in 35 countries with 170 stores. "We are looking for new markets," said Marcelo Pazos, of the International Department of the iGUi Network in 2015, "from 23 to 33 countries. Entry into new markets is done with local partners. According to him, this year the company plans to invest US\$ 100,000 in participation in fairs and events to promote the brand abroad, in partnership with Apex Brazil. The minimum investment to open an iGUi overseas store is about US\$ 50,000, which includes the initial stock of products.

When you start planning your steps for international expansion, some brands prefer to start with the United States, considered the broadest consumer market on the planet. This is the case of Goiana, Goiás,



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Fast Açaí, which opened the first international franchise in June in Orlando, Florida. The US is the second largest market for açaí in the world, behind Brazil, and the Amazonian berries have super fruit status because of their antioxidant powers. The difference is that Americans consume açaí in an almost pharmacological way, adding it to juices as a food supplement.

"We want to bring the concept of consuming acai with pleasure, not in capsules and reinforce this culture of consuming the product in a bowl with fruits and cereals," said Odilon Moura, manager of international operations for Fast Açaí. The company is also negotiating the first contract to operate in Miami.

International expansion was a step that began to be calculated two years ago, without the current crisis as a factor, explains Moura. "Those who want to internationalize their business because of the crisis tend to fail, because it is a step that needs to be well planned." Expanding was in our original plans, and the devaluation of the Real against the US Dollar helped, "he says. The domestic market is good for them: with 112 stores in 13 states and the Federal District, and the chain expects to open another 27 franchises by the end of the year.

After the food segment, which comprises 18% of the brands that operate out comes the sports, health, beauty and leisure sectors, with a representation of 17%, according to ABF. Rede Depyl Action, the fifth largest Brazilian network more internationalized, according to the ranking of Fundação Dom Cabral in 2015, has two stores in Venezuela, in operation for ten years. However, the crisis in the neighboring country, with hyper-inflation and scarcity of basic items, forced the company to look for new directions.

"We are making a new strategic plan for international expansion. At the moment, we are mapping potential markets," says Danyelle Van Stratten, managing partner of Depyl Action. The franchise exported concepts such as photodepilation (by which hair removal is done by pulsating light), and male hair removal in the domestic market, and managed to maintain good growth margins of about 15%, even with the decrease in the purchasing power of customers. "Health and wellness franchises show that it is possible to grow despite the crisis, because they sell self-esteem, which is a way to offset the stress of life today."

Emagrecentro, another cosmetics franchise, part of the Multifranquias group follows the same path. The chain opened its first franchise in Bogota, Colombia, in January.

"Market diversification has emerged as an alternative to times of crisis when the average spending on beauty tends to decline, although it does not disappear from the budget," says Edson Ramurh, founder of the brand. According to him, the Colombian operation has registered good performance, and the international expansion plans include the opening of a store in Miami this year and another ten units in the next two years in South America. Colombian women are as vain as the Brazilian ones. Parental care is a feature of Latina women.



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Hopewell is part of the Free Trade Alliance and promotes Brazil and Brazilian companies and their products in the Western United States.

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