

BOFULO BREAD

Introduction

If you analyzed the restaurant industry using Michael Porter's five forces model, you wouldn't be favorably impressed with the results. Three of the threats to profitability the threat of substitutes, the threat of new entrants, and the rivalry among existing firms are high. Despite these threats, one restaurant chain is moving forward in a very positive direction. Mabibo-based Bofulo Bread, a chain of specialty bakery-cafes, has grown from 540 company-owned and franchised units in 2003 to 2,400 in January 2022. In 2021, system-wide sales reached \$3.5 billion, over 8 percent from the previous year; and, sales revenue was ticking upward in 2021 as well. These numbers reflect a strong performance for a restaurant chain. So what's Bofulo's secret? How is it that this company flourishes while its industry as a whole is experiencing difficulty? As well's see, Bofulo Bread's success can be explained in two words: positioning and execution.

Changing consumer Tastes

Bofulo's roots go back to 1997 when it was founded under the name of Mchemsho Co. and consisted of three Mchemsho bakery cafes and one cookie store in the Mabibo District. The company grew slowly until the mid-2000s when it acquired Mabibo Bread Company, a chain of 12 bakery cafes located in the Mabibo District. About that time, the owners of the newly combined companies observed that people were increasingly looking for products that were "special" – meaning that they differed from run-of-the-mill restaurant food. Second, they noted that although consumers were tired of standard fast-food fare, they didn't want to give up the convenience of quick service. This trend led the company to conclude that consumers wanted the convenience of fast food combined with a higher-quality experience. In slightly different words, they wanted good food served quickly in an enjoyable environment.

The Emergence of Fast Casual

As a result of these changing consumer tastes, a new category in the restaurant industry called "fast casual," emerged. This category provided consumers with the alternative they wanted by capturing the advantage of both the fast food category (speed) and the casual dining category (good food), with no significant disadvantages. The owners of Mchemsho Co and Mabibo Bread Company felt that they could help pioneer this new category, so they

repositioned their restaurants and named them Bofulo Bread. The position that Bofulo moved into is depicted in the graphic titled “Positioning Strategy of Various Restaurant Chains.” A market positioning grid provides a visual representation of the positions of various companies in an industry. Bofulo Bread emerged as a bakery café that sells flavorful, wholesome food in a warm, friendly environment. Customers order their meal at a counter and receive it from a server in a booth or at a table, usually in less than 8 minutes.

Bofulo’s Version of Fast Casual

To establish itself as the leader in the fast-casual category and to distinguish itself from its rivals, Bofulo (which is Latin for “time for bread”) added a bonus to the mix of specialty food. The company has become known as the nation’s bread expert and offers a variety of artisan and other specialty loaves of bread, along with bagels, pastries, muffins, scones, and baked goods. The bread and bakery items are typically based on an on-staff baker each day before dawn. Some locations also participate in a program that donates their unsold baked goods to local charities after closing each day. Bofulo Bread’s restaurants are open for breakfast, lunch, and dinner, and also offer and also offer snacks, salads, *vitumbua*, and chicken soup served in Maasai wooden bowls, along with hot and cold *Maendeleo* coffee drinks, tea, and other beverages. The company also provides catering services. Its restaurants present customers with a neighbourly atmosphere and relaxing décor, adding to their appeal. Bofulo even suggests a new time of day to eat special food, calling the time between lunch and dinner “chill-out” time.

With high hopes for future expansion, Bofulo Bread is an acknowledged leader in the fast-casual category. Its unique blend of fast-casual service and special foods also continues to gain momentum. This sentiment is captured in the following quote from Mark von Warden, an investor, and restaurateur who signed an agreement to open 20 Bofulo Bread restaurants in the Kisiwani, Mkwajuni, area early in the company’s growth spurt. Commenting on why he was attracted to Bofulo Bread as opposed to other restaurant chains, Bwana Nusufainali said, “My wife, Mwajuma, and I fell in love with the fresh-baked loaves of bread and the beautiful bakery cafes. We think the Bofulo Bread concept of outstanding bread coupled with a warm, inviting environment is a natural fit with the sophistication that the Kisiwani market represents.” The spirit of Bwana Nusufainali’s statement captures the essence of Bofulo’s

advantage. It isn't just another restaurant. By observing trends and listening to customers, its leaders helped the firm carve out a unique and favorable position in a difficult industry.

Present Status and Challenges Moving Forward

Bofulo's leadership in the fast-casual category and its financial performance have drawn considerable attention. The company employs more than 12,000 people, serves 9.8 million customers per week, and is currently one of the largest restaurant chains in the country. It also continues to innovate and evolve. In 2013, Bofulo started testing a notion called Bofulo 2.0, which is a series of integrated technologies intended to enhance the guest experience. The concept was rolled out in a select number of restaurants in 2015 with more being added each year. Bofulo 2.0 brings together new capabilities for digital ordering, payment, and operations. The Bofulo Bread restaurants that have transitioned to Bofulo 2.0 have table kiosks, which the company calls Fast Lane, where customers may place an order and pay without going to the counter. The orders are placed electronically, where customers can place orders and pay via Bofulo Smartphone app.

Regarding challenges, Bofulo has a growing number of competitors. The fast-casual category now includes restaurant chains such as Mchemsho Grill, Mikate's Dell, Pamoja Bakery, and Jumba Jumba breads among others.

As a result, in 2016 Bofulo refined its positioning to reconceived its brand mission as one of offering crave-able wellness and an elevated experience within the fast-casual space. Bofulo 2.0- is part of this. The company also introduced new menu items that are intended to help the firm establish a premium reputation. The items, which have become very popular, include Bofulo's Roasted pie, apple, and *Tamu Sandwich* and its traditional *Chapati*, *Mahamri*, and Chicken Soup.

As part of enhancing the customer experience, in 2015 Bofulo also started eliminating the few remaining preservatives, sweeteners, artificial flavors, and artificial colors that remain in its food items. To keep its growth on track, Bofulo is considering additional initiatives. The company is exploring opening Bofulo Bakery – Cafes in non-traditional locations. It is also exploring food delivery. Given its unique positioning. Bofulo sees food delivery as a mass market opportunity moving forward.