

São Paulo

Klaus Nyengaard, chief executive of multinational takeaway food service Just-Eat, on why Brazil's economic powerhouse offers rich pickings

When Klaus Nyengaard joined Just-Eat in 2008 the company had just moved its headquarters to the UK. "It was still a small company and 85 per cent of the business was in Denmark," he says.

Nyengaard was keen to grow the business and soon turned the focus to expansion overseas. Four years later, the group operates in more than 10 countries, including India, Canada, Spain and Brazil, South America's economic giant.

Last year, Just-Eat launched in São Paulo, the continent's second-largest city and the business and financial hub of Brazil. "We wanted to move out and catch not only interesting markets in Europe but also a few selected markets outside Europe that made most sense."

Just-Eat – an online food marketplace whose clients range from luxurious restaurants to pizza outlets – has three main criteria for identifying growth markets: the size of the delivery sector, what kind of e-commerce registration exists, and the



Bite of Brazil: Klaus Nyengaard's Just-Eat group is proving a big hit in the country's business capital

extent of competition. "In Brazil, the delivery market is very big," says Nyengaard. "E-commerce is fairly new but gradually growing and could also be very big over the next five to 10 years. Yes, there is competition but no dominant player."

He spotted an opportunity to



be part of a large emerging market (Brazil's economy may have slowed this year but its long-term potential is huge). "We thought, let's enter the Brazilian market at an early stage, so we have enough time to fine-tune our approach and become successful there."

GETTING STARTED

Just-Eat set up in São Paulo in the first quarter of last year. Before the launch it was involved in takeover talks with the company that was the leading player in the Brazilian takeaway food market. "A few months after we launched we acquired RestauranteWeb, which is the

name of our [delivery] service today," Nyengaard explains. "We decided that the company should be the foundation for our Brazilian establishment."

His first step was to bolster recruitment. "There were eight employees, including the two co-founders – now there are 40 or 50 people," he says. "The co-founders are still part of the team, along with four new senior guys we have hired."

Nyengaard wanted to recruit staff who had knowledge of operating internationally. "All the senior guys who we work with speak English and have spent time abroad. They can build bridges back to the UK

and Denmark, so we can meet somewhere in between."

Salary levels in Brazil shocked Nyengaard. "Salaries for senior people are very high, and in some cases higher than the UK. You just wouldn't imagine that. Our philosophy is always to find the best possible people, but everybody wants to hire the best, so we have to pay good salaries."

Nyengaard says finding the right team was a key challenge. "The talent pool is big, so you just have to pay the money. The logistics of supporting a team in Brazil, if you're based in the UK, are difficult. It costs a lot of money to fly there so you must make sure the team there are doing a good job and be able to rely on, as well as trust, them."

RED TAPE

The multitude of taxes also surprised Nyengaard. "There are all sorts of small taxes in Brazil, import tax for this, VAT for that, which makes things quite complicated and more expensive than what is necessary."

He advises businesspeople to be prepared for many more

started had to be reassessed due to the cost. "The total cost structure of our business is a lot higher than the business plan we made one-and-a-half years ago," he explains.

Although Just-Eat had to make adjustments, Nyengaard is upbeat about the future of the business in Brazil. "We can see that the long-term potential is bigger than we first imagined. It may be expensive to run the company in the short term, but it's going to be an even greater business in the future."

MOVING FORWARD

Despite coping with difficulties, Nyengaard knows Just-Eat made the right decision to set up in São Paulo. "Brazilians are lovely people to work with – they are dedicated to doing a good job and are great to hang out with socially. The long-term potential of the market is great, so there's a very good reason why we are there," he says.

The first half-year after the launch was tough for Just-Eat as it had to integrate concepts as well as take over a company and put the right team in place, but Nyengaard's patience has paid off as business is picking up.

"The last few months have been really good," he says. "In September, our sales were 20 per cent higher than August. We're targeting a monthly growth of 10 to 20 per cent."

Behiye Hassan

SÃO PAULO FACT FILE



Population
Almost 11 million

Currency
Brazilian real

Language
Portuguese

Sightseeing
"We're based in São Paulo. It's the commercial and financial centre of Brazil, but if you want to have fun head for Rio de Janeiro as it's a beautiful city," says Nyengaard.

Food
"Brazilians love their food – they eat a lot. One of the national treasures is beef – they have all kinds," he adds. Try the Rubaiyat or Mani restaurants in São Paulo for great beef dishes.
www.rubaiyat.com.br
www.manimanioca.com.br



Where to stay
In São Paulo, try the luxurious Hilton Morumbi (above). For a good Rio hotel, head for the Porto Bay Rio International.
www.saopaulomorumbi.hilton.com
www.portobay.com

Getting there
BA and TAM fly from Heathrow to São Paulo. Or book through WEXAS at www.iod.com/travel (020 7838 5989).

Useful contacts
British consulate general in São Paulo
+55 (11) 3094 2700
British embassy in Brasilia
+55 (61) 3329-2300
www.ukinbrazil.fco.gov.uk/en



Big flavours: Just-Eat delivers food from a wide variety of eateries ranging from fine-dining restaurants to pizza outlets



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CLARENCE NYENGAARD



Latin spirit: São Paulo's businesspeople head for the beaches of Rio de Janeiro for fun and relaxation