

NG'S
AST

ernandez with 11-1
ng of Toronto
SPORTS > c1

New life for Scarecrow Video as nonprofit
NW TUESDAY > B1

Local popcorn shop
an international hit
BUSINESS > A7



TUESDAY, AUGUST 12, 2014

Seattle Times

WINNER OF NINE PULITZER PRIZES

1.6 million readers weekly in Western W



Independent m
in Western W

et for sus
ht,



Seattle's KuKuRuZa is popping up in faraway places like Japan, Egypt and Saudi Arabia as overseas investors scramble for a taste of popcorn success.



PHOTOS BY LINDSEY WASSON / THE SEATTLE TIMES

Shaheed Rashid works on caramel popcorn at the KuKuRuZa on Third Avenue in downtown Seattle. The store makes up to 180 popped gallons of caramel and Hawaiian salted caramel flavors in-house four days a week.

SEATTLE POPCORN CHAIN SEES EXPLODING GROWTH

By BRANDON BROWN
Seattle Times business reporter

A Seattle snack store is popping up in locations around the world.

KuKuRuZa owner Grant Jones said he is still trying to expand his gourmet popcorn empire around Seattle, but persistent requests from Middle Eastern investors to franchise led to opening its seventh and eighth international locations in July.

In addition to stores in downtown Seattle, Ballard and Bellevue, KuKuRuZa added a second franchise in Tokyo, and a third in Cairo. It also has three locations in Riyadh, Saudi Arabia.

Jones is the chain's second owner. In 2008, George Marema opened KuKuRuZa near Pike Place Market. Marema reportedly did well in the stock market and retired to open up a popcorn shop with a variety of new flavors.

Around this same time, Jones and his wife started thinking about opening a similar business.

Before popcorn, Jones ran a



More than 20 custom popcorn flavors are displayed on the counter at the KuKuRuZa on Third Avenue downtown.

gardening company in Seattle, but he wanted to start a more scalable business. He and his wife saw Garrett Popcorn in Chicago, and even though they had no experience, he thought they could start their own retail operation.

After testing flavors in their garage, Jones said, they leased

space at Bellevue Square in 2009 and received a loan from the U.S. Small Business Administration to open Popcorn Pavilion.

Even though they were competitors, Jones said he and Marema would drop by each other's stores and talk about the Seattle market.

See > POPCORN, A8

< Popcorn

FROM A7

SEATTLE CHAIN GROWING HERE AND VERY FAR AWAY

Franchises pop up overseas

In 2011, Marema offered to sell KuKuRuZa to Jones. Initially Jones ran KuKuRuZa and Popcorn Pavilion as separate companies. But once he found KuKuRuZa's brand was doing better, Jones said he stuck with KuKuRuZa, changing the name of the Bellevue store in 2013.

KuKuRuZa employs 35 but can balloon up to 90 people during November and December, said marketing manager Claire Mueller.

During his first day as owner of KuKuRuZa, Jones said he got a phone call from a Saudi Arabian businessman asking about franchising. One of the businessman's partners had been to KuKuRuZa in Seattle, and had been calling Marema for a couple years.

Jones remembers telling him at first, "Sorry, we're not interested."

But the phone calls and emails kept coming. Jones said he knew nothing about international franchising, so he met with an adviser from the Washington Small Business Development Center, a free service funded by U.S. Small Business Administration, Washington state and Washington State University.

The center introduced him to franchise experts and lawyers, who coached him on doing business internationally.

Later in 2011, KuKuRuZa signed its first master franchising agreement with Global Investment Trading, a Saudi company that also sells Apple computers in Saudi Arabia. In 2012, the first store in Riyadh opened. A master agreement lets companies expand in a certain territory, such as a country.

"If we can choose the right partner, this is going to work. This is a great model for us," Jones said. "If we don't know how to choose the right partner, this is going to blow up in our face."

Garrett Popcorn from Chicago and Doc

Popcorn from Boulder, Colo., offer similar gourmet popcorn and both do master franchise agreements for foreign locations.

The cost of opening a Doc Popcorn internationally depends on the country, but Doc requires franchisees to have at least \$500,000 in available assets. Doc Popcorn has 80 franchises in the U.S., a location in Mexico and stores planned for in Japan.

Large companies buy and operate American franchises abroad.

Alshaya, headquartered in Kuwait, runs the two Garrett Popcorn franchises in that country. Alshaya manages more than 70 brands in the Middle East, Northern Africa and Eastern Europe, including Starbucks and Victoria Secret.

Jones said he works closely with his franchisees to develop new ideas.

The Japanese partner came up with the cloth bag the company uses for its gift packaging. The Cairo franchisee helped develop an Egyptian Mango flavor that is only sold there.

"All of our stores are test stores," Jones said. "We are all working on the core concept together."

An international operation has some challenges, such as consistent quality, shipping costs and different business practices.

"You should be buying a well-oiled machine — a set of business systems that has been proven to be successful," advised Kent Cravens, franchise expert and consultant at FranNet, a company that matches franchisees with people interested in being a franchisee.

Cravens does not have direct knowledge of KuKuRuZa, but said it is risky to buy into a franchise that has not yet been perfected.

But KuKuRuZa's management thinks the international demand for its product is high enough to operate this way.

Mueller points to its international online sales.

"Shipping from here to Norway is around \$180," she said.

Nonetheless, "We get seven orders a year from Norway."

Brandon Brown: 206-464-2164 or
brbrown@seattletimes.com