

Promising future for franchising sector highlighted at Fasa events

Despite ten years of crippling economic and political setbacks, the franchise sector in South Africa has continued to grow, despite challenging conditions.



With the appointment of Cyril Ramaphosa as president – himself a past owner of a franchise entity – the green shoots of renewed optimism are filtering through and the Franchise Association of South Africa's (Fasa) annual convention and franchise expo held in June showed the resilience of this sector which contributes 13,3% to the country's GDP through its 845 franchise systems, over 40,000 franchise outlets giving direct employment to close to 400,000 people.

Highlighting brands and secrets to success

On the back of a call from the President to nurture entrepreneurship, encourage small business development, add to skills growth and ultimately add much-needed jobs to the economy, Fasa's two annual events put the focus on franchising as a stable enabler of entrepreneurship, small business development, and job creation.

The Annual Franchise Convention saw over 50 speakers give their take on how to achieve these objectives. Experts and industry leaders gave delegates information and advice regarding everything from finance and funding, to growth and expansion, from legal to marketing.



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Franchisors shared their secrets to success and more importantly how they've succeeded in tweaking their franchise model to fit into the continually changing economic landscape. From cost reduction strategies to capitalizing suppliers, from improving profitability to mitigating risk through effective planning, various scenarios were played out to maximize the franchise business for greater efficiency.

Alternate funding initiatives were presented, untapped and new franchise concepts, as well as the potential of social franchising, were discussed that could assist in growing the franchise sector.

The International Franchise and Entrepreneurial Expo (IFE), also held in June, featured a diverse range of concepts from different business sectors. The franchise sector has continued its growth trajectory despite the tough economic conditions of the past ten years, adding around 88 new franchise systems and 2,789 new outlets in 2017 – proving that franchising remains one of the soundest business formats, structured to withstand economic challenges.



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Opportunities in franchising

According to Vera Valasis, executive director of Fasa, “the continued growth of new franchise concepts proves that franchising is the entrepreneurial heart of any economy – its growth might be temporarily curbed due to economic influences, but it remains the one business sector that is always innovating and has the highest success rate.”

Valasis believes that on a global front, our changing world is opening up opportunities on the franchise horizon and on the back of a number of global brands entering the South African market, the participation of international brands at the Expo was encouraging. Well-known US brands like Papa Joe’s and Jani King, and Japanese retail brand Miniso tested the African waters at the IFE, boding well for franchising’s future in South Africa and in Africa as a whole.

“As spending patterns change, entrepreneurs will be looking at business sectors where there is an appetite for franchising and flourishing new industries will start to see the light. Niche markets are also offering one-of-a-kind franchises that give one the opportunity to get in on the ground floor of a new franchise trend.”

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