



PRESS RELEASE
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FRANCHISE ASSOCIATION OF SA URGES MEMBERS TO SUPPORT LOCAL PROCUREMENT

With the recent entry into the South African market of a large number of new franchises, particularly in the fast food sector – think queues around the block at the openings of Burger King and Starbucks, the arrival of Domino’s Pizza and Krispy Kreme and the proliferation of so many other franchises in just about all industry segments, it is no wonder that franchising contributes almost 12.5% to South Africa’s GDP.

The potential for these franchises to contribute even more lies not only in generating increased sales of their respective products and services, but in the business to business opportunities that exist between them.

“We have franchise operations in almost every industry sector,” commented John Baladakis, former Chairman of the Franchising Association of South Africa, proponent of ‘buying local’, “From FMCG, real estate, education, retail, and in automotive related activities. If each and every one of these businesses pledged to procure locally grown, produced and manufactured raw materials for their operations we could generate much needed revenue that would remain in South Africa, going to the fiscus and back into local business activity.”

The Franchise Association of South Africa has represented the interests and growth of franchising in this country for the past 38 years and plays an important role in fostering entrepreneurship, in the transfer of skills and in job creation. As more South Africans travel overseas and are exposed to international brands, so the demand for those brands back home increases, offering many opportunities for new companies to establish themselves in this emerging market.

“South Africans are very receptive to new products, especially in the fast food sector,” commented Baladakis, “and so the opportunities for the growth in new franchise names and outlets are extensive. For every shop, restaurant, business or office franchise that opens, the buy local message must be top of mind. From ingredients, to packaging, to shop fitting – all those elements can be procured locally and have the potential to make a difference to our economy and the jobs landscape in South Africa. As a FMCG franchisee I would also like to see even more commitment to the stocking of local goods and products in these and all other chain stores around the country. To this end, I would like to make a clarion call to fellow retailers, franchisors and franchisees to join our government and the manufacturing sector in supporting and promoting locally produced goods.” added Baladakis.

In its quest to be fully inclusive, FASA, under the chairmanship of John Baladakis, launched the FASA Supplier Manual three years ago to assist franchisors and franchisees in their search for good suppliers of specialist products and services for their businesses. Especially for new franchisors starting out, this could mean a short cut to finding the best products and services out there that can help them develop their business without going through the whole process of searching for and interviewing potentially good suppliers.

Says Vera Valasis, FASA's Executive Director, "Our support of buying local is in line with franchise associations around the world that acknowledge the role that their suppliers of products and services play in making franchising so successful globally."

Philippa Rodseth, Executive Director of the Manufacturing Circle added that whilst retailers may take commercial decisions based on the bulk buying of mass imported items from overseas, it will not benefit them or the country in the long term. "Job creation can only come about through the support of South African manufacturing to supply both our own domestic market, but hopefully stimulate an export market, too. We cannot risk becoming a wasteland of cheap, imported items from tinned tomatoes from Italy to bone in chicken from North and South America and Europe. Supporting local manufacturers can achieve economies of scale, and reduce costs, thus boosting jobs," she said.

"Buy local to create jobs' is our mantra," said Proudly South African CEO Eustace Mashimbye, "and so FASA's message to members and all franchisees out there echoes our own. We are happy to have the support of such an important sector and hope that franchisees will understand how buying local assists in job creation and will support FASA's call."

ENDS

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