

PRESS RELEASE – February/March 2017

FRANCHISING HOLDS ITS OWN YEAR-ON-YEAR

“The past few years have not been easy years to be in business – what with global political upheaval and an uncertain economic outlook. Having said that... I would rather be in business within a franchise system than be facing all these challenges on my own.”

This was how Naas Du Preez, outgoing Chairman of FASA for 2016 described the business environment when he handed over the Chairmanship baton of the Franchise Association of South Africa to Tony Da Fonseca, MD of the OBC Group.

This came on the back of surprisingly positive survey results – both on the performance of the franchise sector – which contributes 11.6% to the country’s GDP through its 757 franchise systems (a 21% growth) and network of 31 111 franchisees (13% growth) and with turnover increasing by 6% from R465, 27 to R493, 19 billion rand – and more importantly on the high level of franchisee satisfaction (82%) recorded in a survey of its franchisees.

Tony Da Fonseca, FASA’s 2017/8 Chairman echoed those views, confirming the franchise sector’s ability to take tough economic times in its stride. “Joining a franchise does not guarantee success but common sense tells us that starting a business under the umbrella of a known brand, having access to tried and tested systems and procedures and enjoying the wide range of initial and ongoing support a bona fide franchise offers enhances a newcomer’s success chances tremendously. The well-known slogan, *‘to be in business for yourself but not by yourself’* sums it up nicely.”

According to Vera Valasis, Executive Director of FASA, the surveys once again have shown that franchising is one of the soundest business formats, structured to withstand economic challenges. “Despite the hard trading times over the past seven years, franchising has held its own year-on-year in every respect – from showing long-term sustainability to showing a high level of optimism for the future.”

What the franchise survey clearly shows is the franchise sector’s ability to identify the challenges and adapt to those changes. In this year’s survey, the poor economy, cash restraints and competitiveness were of greater concern to those surveyed. But, at the same time, they identified the importance of having the right franchisees and staff in place to retain and capture customers.

As franchising relies on the co-dependence of both franchisor and franchisee to create a win-win formula, the proof of the viability and appeal of franchising lies in what the 40 000 franchisees who own their own businesses think of their choice of franchising as the way to being their own boss.

Research shows that:-

- 82% (from 72% in the last survey) of franchisees are optimistic about the future of their businesses.
- Their relationship with their franchisor is rated as very good or good by the large majority of franchisees (72%).
- Within the first year of operations, it was expected that 42% of new franchisees would break even.
- Pride in belonging to their particular brand of franchise has a top box score of complete agreement at 65%.
- Four out of five franchisees (81%) would be extremely/very likely to recommend the purchase of their brand of franchise to others.
- Nearly one in two (44%) have been in business for more than ten years, with an average of 7, 8 years over the whole sample. 62% have been in business for more than five years,
- 73% are happy with their suppliers.
- 72% are happy with their landlords.

What better endorsement can one have to take that step to being your own boss than the success of franchisees that make up the backbone of the sector. Add to that the universal fact that franchise businesses have a high success rate of 90% and only a 10% failure rate compared to independent businesses where the failure rate can be as high as 90%.

JOIN THE FRANCHISE FAMILY – VISIT THE FRANCHISE BUSINESS FESTIVAL

30th June – 2nd July 2017

Kyalami Grand Prix Exhibition Centre

With such positive satisfaction results from the survey of franchisees, now is the time to take control of your future by investigating franchise opportunities. The best place to do that is at the Franchise Business Festival owned by the Franchise Association of South Africa. This showcase takes on a new identity after 20 successful years as an indoor exhibition – in its new indoor/outdoor home the Kyalami Grand Prix Exhibitions & Convention Centre. It will platform not only business and franchise opportunities but showcase the 'lifestyle' aspect of the many sectors that make up franchising – with activities, interaction, competitions, food and entertainment. Visit www.franchisebusinessfestival.co.za to register and for more information. Should you have a franchise or business opportunity and want to exhibit contact martha.mashele@fasa.co.za.

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