

Franchises work to weather fallout of Covid-19

The franchise sector, which in South Africa is represented in around 14 different business sectors, represents the most diverse range of entrepreneurial endeavours and is the most suited to lead the post-Covid recovery, says the Franchise Association of South Africa (Fasa).



The association's 2019 survey revealed that the sector contributed R734bn (almost 13,9%) to the country's GDP through its more than 800 franchise systems, with 48,000 outlets employing close to a million people.

Fasa says that tapping into the wave of innovation that change will bring about – from online trading, mobilising creative and innovative responses, and re-designing and re-engineering for the future – is what entrepreneurs all over the world will be focused on. And where there are entrepreneurs... there are franchisors and franchisees.

Despite the doom and gloom of SA's current health and economic situation, Vera Valasis, executive director of Fasa, says that in her dealings with members of the association she's realised that the franchise industry will make a faster and better recovery post-Covid than most other business categories. "Listening to franchisors and how they have quickly jumped in to assist their franchisees during the Covid-19 crisis, made me think again about the reasons for the success of franchising in general," she says.



SA's franchise industry begins long road to recovery

12 Jun 2020



Among the reasons driving franchising success, Velasis listed the following:

- Individual business owners don't have the the wealth of network expertise that they can tap into like they do in a franchised system. They often don't have immediate access to marketing expertise, a wider business view and insight into how others have tackled problems and found solutions.

- Franchisors and franchisees not only have access to the business minds within their own brand, but also across similar business categories in the franchise business sector as well as the broader franchise industry.

"This should instil confidence in the business sector for development funders, banks, landlords and other stakeholders, but unfortunately no meaningful offers have been forthcoming from the banking sector, for example. Now more than ever before, there is a huge responsibility on the banking fraternity to acknowledge the unique benefits of franchising as well as the sector's successful track record and the fact that they have benefitted from this sector for over fifty years," says Valasis.

"They should step up to the plate now with funding solutions that are less risk-averse with simple application processes that can stimulate growth for franchisors by way of rapid distribution growth which in turn would create jobs and stimulate disposable income; which in turn will stimulate the growth of further franchise brand growth as the industry depends largely on consumerism."



Cash Crusaders introduces WhatsApp service

2 Jul 2020



Survival strategies

Businesses across the globe are fighting for their survival and adapting operations to accommodate an unknown landscape created by the pandemic. Fasa reports that many of its members are re-strategising and reshaping their businesses to incorporate smaller stores, 'dark kitchens' and online trading.

The association questioned several member companies on their survival strategies and plans to grow their franchise network and brands beyond Covid-19.

OBC Better Butchery, which made a name for itself as a chicken and meat retailer located in township communities and transport nodes before growing into an award-winning franchise operation, was fortunate to be able to trade unhindered during lockdown. "We feel blessed that we could trade during the lockdown, and are doing our utmost to protect both staff and customers in all our stores," says group MD Tony da Fonseca.



OBC Better Butchery MD Tony da Fonseca

With 25 new stores opening their doors in the year ahead even if the Covid 19 lockdown slows the process temporarily, Da Fonseca believes that if business stands together and franchisors support their franchisees, the economy can recover. "Market demand will always be there. In our case, our growth hasn't even begun yet... we have prospective franchisees waiting in the wings to take up our business opportunities.

"South Africa has huge empowerment potential and if every entrepreneur sees the positive difference that he or she can make by mentoring or employing one person – who in turn will support several more people – we can not only recover from this pandemic but secure our future."

Natasha Bohmer of **Car Service City** says that despite the group suffering losses under lockdown with business unlikely to return to normal this year, they have to will have to find ways to work within the "new normal". "Despite the hardships felt by all, we have not lost one franchisee due to the pandemic, and we are assisting the franchisees with ways to keep their overheads as low as possible and to negotiate better rentals with their landlords and service providers until the economy has gained some traction again."

On what the future holds, she says: "As a franchise group we feel positive with regards to the selling of new franchises, as many people have received their retrenchment packages and are looking for new opportunities to work for themselves."

Richard Mukheibir, MD at **Cash Converters**, believes the company's business model, which is made up of three distinct revenue streams has never been as well-positioned to recover post-Covid.

"Second-hand goods will become an increasingly valued commodity – we have yet to see the impact of production slowdowns from key markets resulting in shortages of consumer goods; the devaluation of the rand means good quality second-hand items will have more value than before and be ever more desirable; people will be conscious of where and how they spend their money and so our retail offer is valuable. We are also launching our online strategy in the near future which will allow our customers to buy and sell remotely, from our website," explains Mukheibir.

He adds that money lending will be in demand, and the pawn broking side of Cash Converters is ideal for customers who need easy access to cash without going through piles of paperwork, long lead times and possible rejections from the banks or other financial institutions. The demand for cash will increase into the future as the consequences of Covid bite into the economy and Cash Converters has implemented a facility that allows their franchisees to borrow wholesale cash from head office, automatically and on a loan by loan basis, to help them fund the expected growth of loans books.

Mukheibir says that as retrenchments increase among mid to senior managers - inevitable as businesses cut costs and as

digital adoption drives efficiencies in the workplace - more people will be looking for alternate business opportunities. "Being your own boss, within the safety net of a global business with a proven business model has never been more desirable," he says.



Real Foods expands Kauai, launches Free Bird and acquires Uber Nutrition

1 Jul 2020



Real Foods Group is leading the way in post-Covid recovery by [diversifying its business](#) and growing its footprint abroad. The company – which lists Kauai, Nü Health Food Café, Highveld Honey and other food brands in its portfolio – is growing its footprint abroad, has launched two new brands and acquired a food manufacturing business.

Locally, Real Foods launched Free Bird, a free-range crispy chicken burger concept. Free Bird is initially trading as a virtual brand in dark kitchens around Cape Town, Sandton and Pretoria, available via UberEats and Mr D, with plans for physical retail locations over the coming months.

"It's been a challenging few months, but we have reacted quickly and in step with government's guidelines to find new routes to market to serve our customers, and have launched exciting new products and brands that have been well received. The various teams have also continued to work throughout lockdown on building a pipeline of projects that will be rolling out in the second half of the year," says group CEO Dean Kowarski.

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