

Top franchising trends for 2018

2017 has been a very tough year for businesses and consumers. However, according to Morne Cronje, head of franchising at FNB Business, the franchise sector continues to perform well gradually year in and year out. "This is testament that franchising is robust and holds a key for employment and economic growth."



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The franchising industry has steadily shown adaptability to the tough economy by growing the sector 3,6% over the past four years – from contributing an estimated 9,7% to the country's GDP in 2014 to its recent figure of 13,3%. This trend is expected to continue on the same trajectory in the short-term and could possibly improve should SA see better economic growth.

According to a survey conducted by the Franchise Association of South Africa (FASA), 78% of most franchisors are optimistic about future growth in their businesses. Although this translates to positive sentiments, the franchising is still, like other businesses, also vulnerable to the economic headwinds. As a result, franchisors need to keep abreast of their operating environment.

Here, Cronje shares top trends to look out for in 2018:

The significance of online and social media

Traditional marketing is no longer the magic bullet as more people are starting to use social media to interact with brands, whether to express anger, inquire or to show appreciation. It is no longer about the question of should a business use social media or not, it is now more about how a business uses social media to better serve its customers.

Multi-brand franchisees

More franchisees are starting to jump into the bandwagon of having several franchisees on their belt not just having one, doing this helps to improve cash flow as well as the protection of the ups and downs in business.

Health and education

According to FASA, these two sectors are rapidly growing, because more people are starting to become health conscious,

while on the other hand education is a priority for South Africa. As a result, there is a strong demand for these sectors.



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Increased customization

Consumers have gained control of what they want; it is no longer about what do you have on the menu, it is now about how your product or service can be tailor-made to what a customer really wants. For example, Brian Altriche, founder of RocoMamas with 61 franchise outlets is of the view that his business model clearly responds to the essence of this trend by allowing consumers to create their own burgers as they want.

On-demand products/ services

In this fast-paced environment, customers control their experiences by wanting products or services that speak to this need. Franchisors who want to expand their business should start exploring this trend.

“2018 will no doubt bring its challenges, however for every challenge there is a window of opportunity to explore. We are advising franchisors to scrutinise these trends carefully, it can definitely give them a boost for 2018,” concludes Cronje.

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