

The big business opportunity of franchising

By  Danette Breitenbach

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Over three-quarters of franchisee owners are optimistic about the future. This optimism is translated into the growth of franchises' contribution to the GDP of South Africa - growing from 9% in 2014 to 15% today.



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Today South Africa has 865 franchise systems, with 45,011 outlets, with an average turnover of R721 million.

These figures only serve to underscore the importance of the franchise business model to the country, Mike Vacy-Lyle, CEO FNB Business told delegates at the seventh annual FNB Franchise Leadership Summit took, which place at Monte Casino, in the north of Johannesburg.

“The franchise model is so important to the country, and with there are many viable opportunities for franchisees. FNB has identified a number of trends relevant to the franchise space and its opportunities,” he says.



Franchise Leadership Summit set for Joburg in November

10 Oct 2018



Trends in franchising

Trends identified relevant to the franchise space:

1. Multi-unit owners and diversification into other franchises. Franchisees are opening more franchises to increase turnover and revenue, but they are also opening no-competing franchises to grow their businesses.
2. Collocating with other franchises to deliver an integrated offering in locations, such as markets, other than food courts.
3. Operating in niche markets as the consumer shows preference for local business over national brands. To take advantage of this trend, bigger brands are tagging with smaller brands. Offerings include craft beer and recycling.
4. Social responsibility must be a part of any business today as consumers view the role of business in society differently and this is a business opportunity.
5. Increased customisation and personalisation. The customer wants to create their own dining experience and eat off a menu. For example, RocoMamas which allows you to create your own burger.
6. On-demand services. Amazon is looking at same day delivery. A focus on this is a big opportunity for business to differentiate themselves. This is a big trend to watch.
7. The importance and power of digital and social media to influence business. This is how consumers chose to interact with your brand. It is not whether you should be on social media - you should - it is about how you are using social media. Consumers are also choosy about buying online, so brands must have responsive websites that can be viewed on any device.
8. Data and data analytics will drive your business in the future economy
9. Safe, seamless and simple digital payments are imperative.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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