

Franchising model breeds success for Col'Cacchio pizzerias

In 2013, Greg Mommsen left the IT industry to set up one of the first Col'Cacchio pizzeria franchises in Bryanston. The Col'Cacchio brand was established in 1992 in Cape Town by Kinga Baranowska and Michael Terespolsky, who took a gradual approach to develop the business, adopting the franchise model in 2003 and growing the business to 34 stores nationwide today, with one restaurant in Windhoek.



Michael Terespolsky, Kinga Baranowska and Greg Mommsen.

Mommsen is now a shareholder and director at the Col'Cacchio Group and has insights into the advantages and challenges of being both a franchisor and franchisee.

The allure of franchising

As the largest sector in the South African franchise market, fast food and restaurant franchises generate 29% of the R587 billion that the sector is believed to be worth, according to the Franchise Association of South Africa (FASA) [2017 franchise survey](#), compiled by Research IQ and sponsored by Sanlam.

With the franchise market making up 13,3% of the South African GDP, it is a valuable contributor to the economy and provider of employment, and the fact that it is one of the more resilient sectors during tough economic times, makes it an attractive investment for both entrepreneurs and investors, as franchisors and franchisees.

The FASA survey report reflects that two in three franchisors claim to have been in business for more than ten years and a further 17% for between 6 and 10 years, which is a positive indicator for those looking for a lower risk venture during tough economic times.

Brand evolution

The pizzeria market certainly is one that has been impacted by shifting dietary trends as well as digital innovation, with Banting pizza bases now being the norm and UberEats impacting fast food delivery services. Brands have to constantly evolve to stay relevant to consumers.

"Our menu has expanded to include a wide range of healthy options, including gluten- and wheat-free bases and pastas, as well as carb conscious, low calorie and vegan-friendly dishes. To ensure that we are on trend with the market, we constantly reinvent ourselves through innovation. Our menu items are updated every six months and we continually broaden our offering to ensure that we evolve to stay ahead of the curve," says Mommsen.

Col'Cacchio has an application-based loyalty programme responding to the need for on-demand purchases and deliveries which have become a major trend in the market, and they are currently evolving their online ordering solution to accommodate this.



Space to innovate

With the Col'Cacchio group itself and key shareholders owning some of the stores, Mommsen says this provides the opportunity for them to trial new products before rolling it out across all stores: "IT upgrades and new food innovations can be tested, gauging the success of the initiatives without disrupting the franchisees. The challenge we face in these stores that are not owner-managed is that we are reliant on staff to run the restaurants, where owner-managed stores are generally more successful."

Challenges facing franchisors

One of the key challenges facing franchisors is finding the balance between the need to secure franchisees to grow the business, but making sure these investors have the necessary characteristics and skills to ensure their business is able to succeed and help grow the brand.

"Choosing the right franchisee partners and the right sites have been key to our success and sustainability. Our franchisees have to be resilient entrepreneurs with good business acumen. However, too much entrepreneurial flair is not ideal, as they need to understand and be willing to work within the brand's guidelines and standards," says Mommsen.

At Col'Cacchio, franchisees are trained with all their staff in a training store for two months prior to opening their own store, and there is ongoing assistance and field visits from head office.



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"A franchisee has the challenge of forging ahead to grow a new business, while adhering to a very clear structure set by the brand. It takes a special balance of entrepreneur and team player, which is very rewarding for franchisor and franchisee when that balance is achieved. We are proud of the fact that we are encouraging and supporting the development of new businesses," Mommsen adds.

"We are incredibly optimistic for the future of Col'Cacchio. We have taken our time to expand the brand and have rolled out new stores at a slow and steady pace. We are looking forward to strengthening our position as the premier provider of hand-crafted Italian food of exceptional quality, and identifying the talent out there to work with us to achieve that."

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