

Franchise Association voices support for SA restaurant industry

The Franchise Association of South Africa (Fasa) has stated its support to the Restaurant Association of South Africa (Rasa) and the Federated Hospitality Association (Fedhasa) in their objections over the continued alcohol ban and the [new rules stipulated](#) by the newly-formed Bargaining Council for the Fast Food, Restaurant, Catering and Allied Trades.



Credit: Kaboompics via Pexels

Whilst Fasa is the voluntary representative body of the broader franchise sector in South Africa representing franchise brands across 14 different business sectors, the largest of its franchise sectors is fast foods and restaurants which make up 26% of the franchise pie.

According to Akhona Qengqe, Fasa's chairperson and chief people & transformation manager at KFC, whilst Fasa only represents the franchised food brands, it is the one business sector that is the most synonymous with well-known food brands – both franchised and independents.

Impending financial ruin

Many franchise brands, thanks to their strong tried-and-tested business formats and network supports, have somewhat managed to weather the pandemic, and most are in recovery mode, but together with thousands more restaurants, bars and QSRs will face financial ruin should the proposed measures be adopted.

"The franchise sector as a whole, which in 2019 contributed almost 14% to the country's GDP, through its over 800 franchise systems, its 48,000 outlets and a workforce of close to half a million, is too valuable to crash. And that includes the broader QSR and restaurant sector that is at the heart of South Africa's hospitality - for both locals and international visitors," says Qengqe.



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She adds, "Our food franchise members, many of whom are also members of Rasa and Fedhasa, have been hard hit by the continuing restrictions and must get the acknowledgement and necessary support from government. They are the ones that take the biggest risks, trade under very tight margins and employ the highest number of people.

"They set the trends and are the social soul of the country yet have been amongst the hardest hit by the lockdown and continue to suffer irreparable damage – despite being fully prepared to act within the confines of the health parameters."

Tony da Fonseca, immediate past chairman of Fasa and CEO of the OBC Group, comments "The longer the lockdown measures are applied across the board, the deeper the losses will be, especially for those sectors that have added restrictions like the restaurant sector. At the time of the strict lockdown, around 80% of members canvassed in the first half of 2020, believed that they would not be able to continue to maintain their businesses beyond the end of the year, unless they were allowed to trade normally.

"These added punitive regulations for the food sector come at a time when many businesses are hanging by a thread – this is a travesty and urgent interventions are required for the sake of those entrepreneurs and small businesses that have spent a lifetime building their businesses, contributing to the country's economy and providing much-needed jobs."

Call for collective action

Fasa's role since 1979 has been that of steering the franchising sector to become a force in the economy of South Africa, through instilling global ethical franchise standards and business practices and providing education, information, representation and professional support essential to maintaining a successful franchising sector.

The association believes that it is now time to tap into the power of the collective, forge meaningful collaborations and unite in solidarity with affiliated associations that have been involved with bargaining councils, government regulations, lobby groups and other important groups.



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"The selfless efforts of our fellow associations and representative bodies has prompted the board of Fasa to take a new direction to proactively support and collaborate with representatives of those industry sectors and add our voice to their concerns, support their initiatives but above all to call for collective action," says incoming chair of Fasa for 2021/2022, Pertunia Sibanyoni, CEO of InspectaCar.

Qengqe concludes, "A number of food brands that have been affected by these changes, have formed an industry

collective to also challenge government's new regulations in court. Any franchise brand that would like to give input should get in touch with Fasa with information to support the court application and Fasa will make sure members are kept up to date with all developments."

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