BIZCOMMUNITY

SA franchising sector retains global appeal

Despite 2017 being a tough year for business and consumers, South Africa has remained a desirable destination for global brands looking to expand their businesses. none show this more than franchising in South Africa. According to Morne Cronje, head of franchising at FNB Business, this is most visible in South Africa's franchising sector.

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"A recent example of a global franchise brand coming into South Africa is Popeye's, an American brand best known for its spicy chicken. They launched here in July 2017. That is on the back of Krispy Kreme and Burger King having recently launched too – even with our challenges, we still offer growth opportunities to global entities."

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Tony Da Fonseca 9 Jan 2018

Cronje shares key takeouts from the year that was in franchising:

More clothing and fast-food brands: Retail franchising continued to grow in 2017. Over the past few years, we have seen more global brands like Burger King, Dunkin' Donuts, Pizza Hut, Krispy Kreme, Dominos, Starbucks and clothing brand Cotton On opening their stores in South Africa.

Growth in quick-service restaurant segment: People still value a restaurant experience. Consumers, though looking for convenience and reasonable options, still value the idea of sitting and enjoying a meal in the traditional sense. More businesses have now jumped on this bandwagon and we are starting to see more and more that fast food spaces are also playing in the “sit-and-serve” space.

Use of online and digital channels: More franchises have embraced online and mobile technology to reach their customers faster, easier and relatively cheaper than the usual above the line approach. We are also seeing businesses receiving online orders from their own or third party apps which enable the consumer to order from wherever they are and whenever they want to.

Value for money: In these tough economic times, consumers will continue to ask why they should spend money in your business. If businesses ignore this, consumers are likely to shift their attention to competitors.

“As we wrapped up 2017, it is important for the franchising sector to reflect on the trends that shaped the year that was. In my view, franchising remains one of the key sectors that will continue to grow steadily despite the slow growth environment. This is a trend that we have been monitoring without fail over the past years,” concludes Cronje.