

# How to expand your SA franchise into the rest of Africa

According to the latest survey from the Franchise Association of South Africa (FASA), 39% of franchisors have businesses in Africa, outside South African borders. This is equivalent to 1,775 stores in the SA franchise population.



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Most of these franchises are found in the neighbouring countries of Namibia, Botswana, Zambia, eSwatini, Lesotho and with growth noted in Ethiopia and Kenya.

Riaan Fouche, chief operating officer for franchising at FNB Business says, “More than 90% of franchise businesses in Africa are homegrown South African brands. There is huge appetite for bigger franchise brands in the retail, fuel and fast food sectors.”

He unpacks factors to consider before expanding a franchise to the rest of Africa:

## Due diligence

Understand if there is a need and market for the products and services that you are planning to offer. A one size fits all approach is certainly not ideal, as what works in South Africa may not necessarily work in-country. Therefore, greater emphasis should be placed on understanding the different dynamics of a country such as culture, attitude and the needs of locals, amongst other factors.



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24 Jul 2019



## Local partnerships

Consider partnering with companies or consultants that truly understand and have a proven track record in successfully helping businesses to expand into African markets. They will help you understand the market, competition, pricing strategy, supply chain, sourcing of local suppliers, payment methods and infrastructure, etc.

## Choose the right location

Location is the heartbeat of a thriving franchise, choosing the wrong location would not only have a negative impact on your profit margins, but could potentially lead to failure. It is crucial that you consult area experts while taking into account information such as demographics, psychographics and living standards etc. This information can help you in making an informed decision.

## Minimum Viable Product (MVP)

Test your business concept in your chosen country and see if it works before opening a fully operational franchise store. This process can prevent the business from losing a lot of money, while trying to understand the market.



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## Get the backing of a funder

Approach a bank or any other financial institution that can advise and assist in expanding your franchise. Banks will generally look at why you think this franchise will work in-country and whether you have a track record to prove it, etc.

## Government rules and regulation

Partner with a local lawyer to understand government processes and rules on franchising in that country. What is the general business conduct for foreign brands and what are the costs involved.

“Before expanding your franchise it’s important to clearly define and understand the competitive advantage that will make your brand successful in-country. Lastly, you must be in this for the long haul as success will certainly not be achieved overnight,” concludes Fouché.

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