

FASA releases results of Franchisee Satisfaction Survey

The Franchise Association of South Africa (FASA) has released the results of its Franchisee Satisfaction Survey, in which a high level of franchisee satisfaction (82%) was recorded.



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The franchise sector contributes 11.6% to the country's GDP through its 757 franchise systems (a 21% growth) and its network of 31,111 franchisees.

Success in the franchise business

Being successful is at the core of every franchise business and the survey results show a high level of optimism and business satisfaction amongst franchisees.

- An increasing number of franchisees (82% from 72% last year) are optimistic about the future of their businesses; however, the average gross profit claimed has dropped from 22% to 14% in the last financial year.

- Within the first year of operations, it was expected that 42% of new franchisees would break even. Comparing these results with those from the Franchisor Survey indicates that there is inconsistency in the results, as 73% of franchisors believe that a new franchisee breaks even within the first year.

- One in ten intends selling their franchise within the next 12 months, but most do not.

Relationship with the franchisor

The premise that if franchisees are making money and are happy with their franchisors, then the franchise is a successful one is very true and the survey backs up this universal theory.

- The survey showed that the majority of franchisees (72%) rated the relationship with the franchisor as very good. Although a strong score, there was a decline in the ratings since last year (80%), with a concomitant increase in the neutral ratings. Only 7% however rate it poor or very poor.
- Pride in belonging to their particular brand of franchise has a top box score of complete agreement at 65%. A similar number of franchisees also completely agree that they intend to stay within this franchise network, that communication from the franchisor is open and honest and they have confidence in the franchisor leadership team.
- The overwhelming reason resulting in a positive score being given to the relationship with the franchisor is that he/she is always helpful and supportive. A poor relationship with the franchisor is characterised by a lack of support from the franchisor.

Longevity in franchising

Along with the high statistic of franchised businesses having a 90% success rate compared to startup businesses that have a 90% failure rate, surveying how long franchisees have been in business solidifies this statistic.

- Nearly one in two (44%) have been in business for more than ten years, with an average of 7.8 years over the whole sample.
- 62% have been in business for more than five years,
- An estimated one in two franchisees claims to own more than one franchise, the majority being of the same brand.

Challenges and attitudes towards franchising

The main challenges facing franchisees are being able to find the right staff, to offer consistently good service, growing the business with new customers and marketing the business.

- A franchisee is most likely to receive assistance from the franchisors with training at another successful franchisee of the same brand (65%) and with local store marketing (64%). These are followed by assistance in the compilation of franchisee business plans (41%), legal documentation (38%) and assistance with accounts management (38%). Access to finance from financial institutions is not offered very often (12%).
- Product knowledge and customer satisfaction are the key aspects on which training is given to franchisee staff by the franchisor. Other training courses offered include personal motivation and sales. Financial training (general financial management and accounting) is given less frequently.

Franchisees recommending their brand

There is no better endorsement of a successful franchise operation than when franchisees confidently recommend going the franchise route to others and FASA's survey shows a strong loyalty to franchisees' respective brands.

- Franchisees are essentially happy with their franchise businesses and four out of five (81%) are extremely/very likely to recommend the purchase of their brand of franchise to others.
- Most franchisees would highly recommend their franchise brand to others, mainly because they consider it a good

business, yielding high returns and because of the helpfulness and support received from their franchisors.

- Other main reasons for recommending the franchise brand for purchase include the reputation and quality of the brand, staff training and it is a desirable product/brand/service that everybody wants.
- Only 7% would not be likely to recommend this purchase. Among the 7% who would not recommend buying the brand, the main reasons given are the perceived lack of franchisor support and lack of profit.

Franchise Business Festival

FASA will runs its [Franchise Business Festival](#) from 30 June – 2 July 2017 at the Kyalami Grand Prix Circuit and International Convention Centre. The showcase takes on a new identity after 20 successful years as an indoor exhibition in its new indoor/outdoor home at the Kyalami Racetrack. It will platform business and franchise opportunities and highlight the 'lifestyle' aspect of the many sectors that make up franchising – with activities, interaction, competitions, food and entertainment.

For more, visit: <https://www.bizcommunity.com>