

# The trends and challenges facing the automotive aftermarket franchising sector

 By [Imran Salie](#)

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At the end of August 2021, the Franchising Association of South Africa held a two-day virtual conference where various delegates from different industries gave talks on franchising in their respective sectors. Hedley Judd, the national director of the Tyre, Equipment, Parts Association (Tepa), was one of the speakers at this event. His talk was focused on trends and innovation in the franchise automotive aftermarket sector in South Africa. Judd, in his nearly 30-minute long talk, discussed the following topics in broad terms: Franchising in the automotive industry, customer experience, and business intelligence.



Source: [Pexels](#)

The industry stalwart addressed his first topic by outlining the different types of franchising in the automotive aftermarket.

**The business format franchise:** Judd said that this is the most common of all franchise models in the aftermarket sector. “Under this model, the relationship between the franchisor and franchisee is stronger than compared to other models. The format is more advantageous to a franchisee as it provides a wide range of services from the franchisor perspective. The franchisee gets marketing, training, operation, production, advertising, strategic planning, and quality control guidance support from the franchisor. The format also includes assistance in the appointment of staff and the organisation of day-to-day operations,” Judd explained.

**The product distribution franchise:** This type is not necessarily a full franchise model and is one of the oldest forms of franchising. Under this model, the franchisee has the right to distribute the products provided by the manufacturer. The franchisee needs to pay franchise fees for using the trademark products of the franchisor or the manufacturer. The franchisor does not offer continuous support to the franchisee like business franchise models.

**The manufacturing model:** Judd explained that is the least common form of franchising in the automotive aftermarket sector, but that it can be the largest financially. “Generally, the franchisor is a manufacturing company that gives the right to the franchisee or the dealer to manufacture and distribute its products in a well-defined area.”

Judd made it clear that franchisors in this sector cannot survive without operating in a manner that is commensurate with brand expectations. This means that the value of a franchise extends beyond the name it portrays and that there should be an inherent sense for the consumer and an offering that is in line with the particular in-built demographic target market.



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“Franchise requires work to make it work. It is not just the brand on the door or the signage that creates the value. We all understand that the target consumer is drawn to the brand on the display. However, once inside the business, the business culture must take the reins and follow through with a promise. Customers usually expect the franchisee businesses staff to be trained and well versed in the offerings of the business, hence the participation in the growth of the businesses and the brand through the training and development of the staff and the continuous upskilling of the staff in the workplace is essential.

“The franchisee must be invested in the business in all areas as the franchisee it implies being part of a bigger entity, one in which participants must be mutually rewarding for the franchisor, the franchisee, the brand, and the business itself,” Judd explained.

## Customer experience in the new normal

In the post-Covid period where money has become a rare commodity, irrespective of the form it comes in, it is all the more important for the customer to experience an above normal customer experience in the business, and this is a vitally important part of it because word of mouth is the most powerful marketing tool.

“In driving the case of the franchise model in the automotive aftermarket sector, the instances of compromised customer experiences are all too often noted through complaints and claims whether these are from poor workmanship, poor product, performance, or just plain poor service,” Judd said.

The message is quite clear, staff across the business need to be trained, educated, and provided with a culture that is singularly focused on the customer having a great time.

He also addressed customer experience in the new norm. He said that franchisors should understand their customers and look beyond what they say.

“ The field of vision must be multi-directional, where in fact the old adage of having eyes at the back of your head apply directly. You cannot take anything at face value. Check, and check, and check again. Listening and hearing, don't assume what the customer is going to say. Don't rush them, show caring by showing interest in their emotions. Understanding the message, don't try to compare your experience. Show knowledge of the topic, show knowledge of the problem, the solutions as well. Don't overtake them, stick with them, and pay attention to what they saying and give back what they are looking for. ”

## Business intelligence

Judd argued that smart data solutions is the next big step for franchising in this sector, as it will streamline and create a more efficient workplace. Instead of speaking about the already well-known Fourth Industrial Revolution that is currently taking place, he briefly went over the Fifth Industrial Revolution and PI 123, which is the evolutionary process of where analysis of data takes place. This refers to the internal data of a business itself that needs to be interrogated effectively in order to optimise business decisions, according to Judd.

“In order to be proactive in the growth of a franchise business, a forward-thinking analysis of the business is key to moving it into the next phase of growth and success. It can also stop you from barreling down a path to disaster,” Judd said in summary of this topic.

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