

How local entrepreneurs can strengthen the economy



By [Nicolas De Sousa](#)

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When reviewing the most vital areas of consideration for potential investors, three come to mind - stability, traceability and consistent representation. Significantly, these are also facets of business that a well-established franchising industry is able to offer local and international investors.

While this has not traditionally been perceived as a particularly strong area of the local economy, I believe that local entrepreneurs have the ability to revolutionise the South African franchising industry and in so strengthen the economy.

The local franchising industry is a somewhat rough terrain with considerable room for improvement. One of the greatest challenges is the current lack of industry regulation. Anyone is able to franchise a brand in this country without having to comply with legislation, a situation that does not encourage expertise, originality or standards.

Business principles and innovation, not replication

On the other hand, larger economies that boast players such as Walmart, contribute around US\$450 billion in GDP, demonstrating a far greater economic understanding of how a successful franchising industry should be run. The greater GDPs of the world are defined by business principles and innovation, not replication.

Closer to home, the African fast-food industry is dominated by global brands such as KFC and McDonalds, with only a few local players such as Traditional Brands successfully competing. However, should the industry receive the right kind of backing from entrepreneurs and governing bodies, there is potential for franchising to become a great asset to the economy.

A case study

Traditional Brands is a case study of how business-savvy entrepreneurs have the potential to revolutionise the industry. When "Old Fashioned" Fish and Chips first launched, there were less than 30 fast-food outlet brands in the country, today there are an estimated 150 brands, which is steadily increasing. This rise in number is largely attributed to the introduction of the company's creative and financially viable business model. Since the launch of its first brand, the company has seen significant development of local concepts and a decrease in the number of international brands entering the local market.

Successful brands are able to investigate the considerable opportunities present in franchising across Africa. The "Old Fashioned" Fish and Chips began its expansion into Africa through master franchisee rights and development in 2010.

Budding entrepreneurs, looking to enter the market, should develop an in-depth understanding of the consumers they hope to attract. Replicating a business model or strategy should never define a brand strategy, no matter how brilliant the results it produces. It should rather be based on consumer demand, which will vary geographically, right down to the last few metres of a city's block.

Remember that consumer demand is not the same thing as consumer need, which is predominant in a weaker economy. As such, pay attention to the trends that apply to one's situation and develop one's brand strategy accordingly.

ABOUT NICOLAS DE SOUSA

Nicolas De Sousa is Marketing Director at Traditional Brands. A master of Marketing and Business Administration with varied international experience within internationally recognized corporations adds a clear backing of experience within his favoured fields within retail and marketing, PR management, logistics and finance. He joined the brand in 2007 adding an alternative to the company's then current approach of which "Old Fashioned" Fish and Chips had so often been comfortable with. Contact details: website www.traditionalbrands.co.za

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