

BRW Predicts that Franchise Growth Will Slow

Business Review Weekly recently studied the franchising sector and came up with some interesting comments and lessons, which may be equally applicable across the independent supermarket sector, which is after all a 'voluntary franchise.'

BRW expects that more big companies will turn employees into business owners through franchising, but that overall the franchise growth will slow, most noticeably in retail.

Three main factors point to a slowing of retail growth:

- High petrol prices and subdued property market
- Shopping centre rents on the rise, (which we know we can expect to flow to stand-alone and strip centre rents)
- Intense competition between franchisees for the best staff and sites

Other factors expected to add bite are:

- Import costs rising due to higher transporting costs
- Higher prices for coffee, sugar and possibly milk
- Saturation and/or maybe a consumer backlash against larger and larger chains for every commodity

BRW sees the new industrial relations laws as a plus, (and we agree as the flexibilities that can be brought to your businesses can be tailored to be more site specific) but warns that abuse of the new legislation is bad behaviour and bad for business.

Creativity in location will become more important with franchisees in airports, railway stations, and supermarkets. (We in the supermarket sector need to be aware of this and have be more open-minded. Do not get left out of the future. Look at the success of Lenard's in 15 Ritchies stores)

Consolidation is expected to be a big feature of the future in our sector, with scale becoming more vital as higher costs have a greater effect. Mega franchises and franchisors with a portfolio of franchise brands and systems are expected to develop.

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Your Store's LOO?

- Mismatched, chipped, marked, dirty paintwork - or no paintwork on walls, doors, skirting
- Walls marked by the occasional dirty mop or broom
- Broken, scratched mirrors or bits of mirrors
- Rubbish bins over-flowing with paper towel
- Soap and gunk built up around handbasin taps, and under handbasin
- Grotty, dirty, frayed hand towels hanging on an old nail or slung over the cistern tank / handbasin
- Dirty old uniform bits and wet weather coats hanging on backs of doors
- Decorator items consisting of - empty toilet roll spindles, plastic toilet paper and deodorant packaging, old magazines, doubtful posters and calendars, old staff notices, rosters, photos, post cards, dust/fluff balls, cobwebs
- Squeaking or broken door hinges that hang off the door. Doors that do not close properly
- Cleaners' mops, buckets, brooms, cleaning liquids stacked in and around hand basins
- Insufficient or no lighting

If any or all of these points describe your staff facilities, (and sadly they do - I have seen them!) then it is time to get real. Look at your facilities right now. If you booked into a motel, or went to a cafe washroom, and the facilities fitted this description what would you do?

You require your staff to present with tip top grooming, and to aim for the highest standards of food freshness and food safety, yet this is how you show your respect for those efforts. Sorry guys, not good enough. Soap, water and paint are cheap.

Jennifer Flanagan