



TOPPING UP: Gourmet pizzas are booming.

Old technology brands making

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Which areas of franchising do you predict are on the up for the next financial year?

There are five sectors that are well positioned for growth: Education – I have noticed the amount and difficulty of my two youngest children's homework. So tutoring, after-school care,

holiday care, music and other coaching will be in demand.

Aged care – In-home care. With the ageing population and longer life expectancy, there will be insufficient low-care beds, and the Government is actively encouraging home-based care.

The mining boom – The number of projects in the pipeline will last for decades. There are many openings for franchised goods and services to be supplied to these new "gold rush" towns.

IT – The IT industry has so many new resources and ways of

doing business that the online sales threat to brick retailing will continue to take market share. We will see the benefits of the new IT age.

I am aware of an app, Stamp Me, recently launched, that eliminates paper and plastic loyalty cards, enables customer communication and rewards marketing via smartphones and there are no high set-up costs as it uses QR codes.

Conversely, which areas do you think might struggle during 2013-14?

Old technology – Video stores

are disappearing. Many of their sites are converting to 24/7 gyms. The secret is to adapt.

Look at JB Hi-Fi, who were originally in the photo-processing business. They still sell cameras but have moved ahead of the technological changes to reflect consumers' future needs.

That is the challenge for the video industry.

Mature, quick-service brands that don't adapt – Look at what has happened to the pizza sector. The market was price-driven at the expense of quality.

Now, new brands offering

way for new players

gourmet pizza menus are booming – eg Crust, Capers. The same has happened to the Mexican, chicken and hamburger segments.

High rent and high labour-based systems – With rents climbing, the skill shortage, labour costs and competition from the mining boom, mature brands (particularly those in food) that rely on skilled labour will come under increasing pressure.

How has franchising fared in 2012-13?

As usual, different sectors have

had different results. It's a matter of adapt or perish to keep up with consumers' needs.

A great example is the old gym model compared to the new 24/7 model. The 24/7 gyms are the best franchised system I have seen in my time – characterised by consumer focus, no stock, one wage, half the membership cost, no locked-in contracts, always open, state-of-the-art equipment that is IT connected, so members have lots of interesting distractions while exercising.

How is franchising as a whole sector travelling?

It is still the best system to get a product or service to market. I see the essence of franchising as the "Owners Eye".

The franchisee is far more motivated and rewarded than any employee on a profit share will ever be. The sector faces many challenges – franchisee recruitment, tough retail environment, skill shortage, rising costs of doing business and occupancy costs.

Franchising, however, is still the best model for labour and capital using all the benefits of a brand and system provided.