

More liberal services sector a boost for franchise industry

By Rupa Damodaran
rupabanerji@nstp.com.my
2009/06/12

"It has enabled foreign franchisors and new brands to enter the market and support the franchise spectrum like franchisees (to foreign franchisors)," he said when opening the Malaysian Franchise Association's (MFA) 14th annual general meeting in Kuala Lumpur yesterday.

Mukhriz said the leeway in equity control, for instance, will enable them to have 100 per cent ownership of businesses set up here.

The franchise industry currently contributes about 6 per cent to the country's retail sector revenue, lagging behind the US and Australia where franchises contribute more than 50 per cent, with US\$2.3 trillion and US\$130 billion (US\$1 = RM3.51) respectively.

In Singapore, there are 500 franchise systems generating US\$3.9 billion in revenue.

"This shows the potential for the local franchise industry to grow and develop as significant engine of growth," said Mukhriz.

He said a long-term business masterplan or franchise blueprint is needed to complete its development agenda in the country as well as to develop a more competitive group of small- and medium-sized enterprises (SMEs).

"Our franchises are on par with some of the best in the world, but many need help to do better in the local front before entering the regional and international markets," he added.

For example, Malaysian brands like Nelson's have penetrated 15 countries, including setting up 300 outlets in Saudi Arabia alone.

The industry, which has a total of 373 approved franchises, has remained resilient despite the current economic quagmire.

It has been growing at 15 per cent per year for the past few years and is expected to continue posting growth this year, even though it may not be double-digit.

Earlier at the AGM, Mukhriz, who helmed the organisation for the past four years, relinquished his post as chairman and is replaced by Proton Holdings Bhd president Datuk Mohd Nadzmi Mohd Salleh, who won unopposed.

Hasma Ahmad, the managing director of Amal Bistari Beauty Boutique which is the franchisee of Avon Cosmetics, also won unopposed for secretary-general post.

Meanwhile, the Franchise International Malaysia 2009 exhibition and conference will be held from July 31 to August 2.

MFA expects 10,000 visitors to the event, deemed as the largest franchise exposition in Southeast Asia, and to attract RM300 million worth of business transactions.

Copyright © The New Straits Times Press (Malaysia) Berhad, Balai Berita 31, Jalan Riong, 59100 Kuala Lumpur, Malaysia.