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Business Reference: **37292**

About the Business:

## **Franchisor Opportunity. The Garden Route area for a spring water brand . Exciting opportunity**

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This report outlines the mandate for the sale of a franchised area in the Garden Route, Western cape, South Africa, to a new franchisor. The product being sold within this franchise region is bottled and canned spring water. The seller will retain ownership of the brand name while the new franchisor will take over the regional operations and revenue model.

# Franchisor Opportunity. The Garden Route area for a spring water brand . Exciting opportunity



Sector: **New Franchise Opportunities**

Asking Price:

**R 1,300,000**

Monthly Profit:

**R 35,966**

Asset Value:

**R 2**

Stock Value:

**R 0**

Yearly Net Profit :

**R 431,590**



# Business Report

## What is the Franchise opportunity about?

The position of Franchisor for a premium brand of spring water will predominately have a marketing function. The business already has excellent quality of spring water sources and appointed Franchisees in place.<sup>1</sup> The Franchise agreement will immediately be ceded to the Buyer on the Effective date and earnings start immediately.

The Buyer will be required to obtain incremental business, and especially where the clients branding will be placed onto cans and bottles. The branding is of premium quality digitally printed directly onto the can or bottle ideally, although sleeves are also available..

The key point to this is that a motivated Franchisor will be able to obtain incremental growth with low cost overheads and therefore incremental earnings to what is already being achieved.

## How long has the Franchise group been established for?

First Franchise - 2013

## How many existing franchisees are there in the group and for how long have they been operating?

Franchises: 6  
Average duration 10 years

## In which provinces/ areas are the existing franchisees located in?

Western Cape  
Garden Route  
Eastern Cape  
Kwa-Zulu Natal  
Gauteng

## What is the success of the current franchisees?

Stable - same clients since inception in most cases

## How does the business operate on a daily basis?

This business specializes in premium spring water, in returnable glass bottles and aluminum cans. While the Seller will retain ownership of the brand name, intellect and other franchised areas, the new Franchisor for the Garden Route region will take over the regional operations and revenue generation. The current Franchise Agreement in place will be ceded to the Buyer, who will immediately become the Franchisor and earn royalties from day one.

The existing franchisee in the Garden route will immediately become the tenure of the Franchisor.

The Garden Route region as purchased will be clearly geographically defined for interested parties.

The new Franchisor will generate revenue on all cans, bottles, or any other units sold within their territory, either through franchisees or additional sales channels.

Production is outsourced through an agreement between the bottling company and the brand Owner.

The primary responsibility of the new Franchisor will be to market and expand the brand, attract new customers, and drive sales growth and thereby generating income.

Competitive Advantage:

This brand is the only supplier offering personalized bottled spring water in glass and aluminum cans, a strategy that has proven to be a game-changer.

This provides a competitive edge over traditional bottled water suppliers, positioning the franchise network as an industry leader in sustainable and customizable premium water packaging.

The national growth strategy includes expanding the use of cylindrical digital full-color printing on Returnable glass bottles and Aluminum beverage cans as well as glassware.

This technology offers significant advantages, including:

- Cost-efficiency compared to conventional labeling methods
- High-quality print finishes 1440dpi for premium personalized branding.
- Customization flexibility, allowing personalized production runs tailored to suit clients' specific requirements.

## How are the clients attracted to the business?

Clients are attracted through a combination of business-to-business marketing, referrals, and a strong brand reputation.

The company's commitment to eco-sustainability, along with online marketing and social media campaigns, ensures continuous growth.

## What Advertising/Marketing is carried out?

Marketing efforts include social media campaigns, online advertisements, and community sponsorships. Additionally, franchisees engage in direct business-to-business sales and offer promotional deals to attract new customers.

The newly introduced digital printing process will revolutionise the current market in that fine quality printing will be offered for own branding by clients, irrespective of run sizes.

Sleeves will still be available, but the introduction of digital (high quality) printing on bottles and cans will create a lot of interest by clients.

## Does the business have any contract work?

The business secures contracts with corporate clients, government entities and residential communities for bulk water supply and regular deliveries.

Some franchisees also have agreements with gyms, restaurants and offices.

## What competition exists?

There is competition in this sector, but the unique offering of this operation is that the client may order high quality printed cans or bottles, as per their logo's or branding, without any minimum of quantity required.

## What are the seasonal trends?

Demand peaks during the summer months due to increased water consumption. Promotional campaigns out of season, and extreme weather conditions can also lead to incremental sales.

## How is income derived?

Franchisee income is generated from sales to their client base, which has been built up over the past 14 years. The Franchisor's income will be derived from all sales made within their area whether direct or through franchisees.

## How does the franchise operate on a daily basis?

Franchisees manage local distribution and retail sales while adhering to operational guidelines set by the Franchisor. They ensure compliance with branding, pricing, and service standards, while handling customer relations and order fulfillment.

## Does the Head Office assist in securing contracts (if applicable) or is it up to the individual franchisee's to do this?

The Franchisor may assist in securing bulk contracts and institutional partnerships, but individual franchisees are often responsible for generating local business opportunities. Training and operational support are provided.

## Is the business VAT Registered?

Yes

## What VAT documentation is on file?

Yes

### Are there up-to-date Management Accounts available?

The Seller has advised that the financial records for the Garden Route region is included in the national business records.  
All records, historical data, agreements etc will be made available during the Due Diligence process by a potential Buyer.

### What percentage of the business is cash/credit?

Not applicable

### What is the age analysis of the debtors book?

Franchisees operate on a strict weekly payment system, ensuring meticulous attention to account details and consistent cash flow for the Franchisor.  
All accounts are current.

### How could the profitability of the business be improved?

Revenue growth will be driven by increased sales, leveraging the new cylindrical digital printing technology to attract clients seeking eco-sustainable branding options.  
The revenue that the Buyer (Franchisor) will receive will be agreed upon by both the Seller and Buyer at the time of finalizing the purchase agreement.

### What is the total staff complement?

The Franchisor works independently of the Franchisees and Head Office, and therefore is able to work without staff on their payroll.

### How involved is the Owner in running the business?

The Seller is currently managing the operational side of the canning business in KwaZulu-Natal (KZN) and is only involved in the online marketing for the Garden Route, Western Cape and other regions.  
The Franchisor will not be required to handle the day to day operations of the business.  
Instead they should focus on strategic management, utilizing the digital printing opportunity to drive business growth.

## When does the current lease end?

The Franchisor will not require specific office space, so this is an ideal work from home opportunity.

## What is the square meters of the business?

A small home office will suffice.

## Do you require a licence?

No, but a valid Franchise Agreement will be in place.

## What are the main assets of the business?

The Buyer is purchasing an existing Franchised operation where the value lays in the intellect and royalties from Franchisees.

## Strengths?

**Unique Product Offering:** First and only supplier of bottled spring water in aluminum cans providing a key differentiator.

**Established Business Model:** Revenue is earned on every unit sold, ensuring consistent income streams.

**Franchise Network in Place:** Existing long-established franchisee in Garden Route ensures operational continuity.

**Outsourced Supply Chain:** The Head Office have various bottling plants, with high quality natural spring water.

Continuity of supply is ensured.

**Brand Support & Recognition:** The business benefits from existing brand identity and customer trust.

**Innovative Printing Technology:** Cylindrical high quality digital printing on aluminum cans enhances branding opportunities and customization.

## Weaknesses?

As bottling is outsourced, the business is reliant on the continuity of supply.

However, the supplier is highly dependable having been the original supplier to the Franchisor, and there are a number of bottling plants in the operation.

## Opportunities?

Market Growth for Sustainable Packaging:  
Customization & Private Labeling:  
Offering custom-branded water for businesses, events, and tourism sectors will drive sales and increase brand visibility.

## Threats?

Apart from the normal market forces, there are no known threats to this business.  
As a Franchisor the successful relationship between the Brand Owner, Franchisor, Franchisees and clients must be kept congenial at all times.

## What is the reason for the sale?

The Seller will remain owner of other the Gauteng and Natal operations for the immediate future.  
Any revenue generated from the sale of the Garden Route will be invested in capex, especially digital printing equipment to assist with the anticipated growth.  
This will assist the business in maintaining a competitive edge in the market but still ensuring a high-quality product in eco-sustainable packaging

## Why is this a good business?

Primarily since the Franchisor will receive income through royalty payments with immediate effect of taking over the franchise agreement.  
That will allow the Seller to focus on brand development and other marketing initiatives.  
This water distribution and retail franchise offers a stable business model with essential services, competitive positioning, and multiple revenue streams  
Franchisees benefit from robust brand support and will have access to new cylindrical digital print technology, all while maintaining operational autonomy to capitalize on local market opportunities.

## How are Projected turnovers and profits calculated?

The buyer will be a Franchisor for the Garden Route. Franchise agreements already in place with franchisees will be cede to the buyer.

## What is the Franchise joining Fee?

Not applicable



**What is the monthly royalty, management and marketing fees? Are these fees based on turnover or a flat rate?**

The franchisor maintains the account with the supplier and earns income from each bottle or can sold to the franchisee.

**What extra marketing and advertising should a franchise budget for?**

Not applicable

**What assets are included in the purchase price?**

No fixed assets

**Is the franchisor supplying all assets or can the franchisee source these items himself?**

Not applicable

**Is stock supplied with the initial franchise setup (if applicable?)**

Not applicable

**Will stock purchases be solely from franchisor in the future or can the franchisee purchase from other suppliers?**

Will be determined by the franchise agreement currently in place.

**How many staff members are required to successfully operate the franchise?**

The franchisor will not employ any staff

**What training is provided for new franchisees and staff members? Is there a cost associated with this?**

Not applicable

**Where will training take place and for how long?**

Not applicable

**What support and backup is offered to the franchisee?**

To be confirmed

**Does the franchise have to be owner operated?**

Yes

**What type of premises do a new franchisee require to operate the franchise?**

They have existing warehouse

**Can the franchise be operated from home?**

Yes

**Will the franchisor assist in identifying or acquiring premises and will assistance be provided with negotiating the lease on behalf of the franchisee?**

No

**How many franchises will be allocated to each Area/ Province?**

To be confirmed

### Will upgrades to the premises be required and if so how often will this occur?

Not applicable

### What skills and background is the franchisor looking for in a prospective franchisee?

Not applicable

### Is there any industry regulations or licenses needed to operate the franchise?

The supplier outsourced to do the bottling and labeling conform with all regulations and/or license's

### What is the full purchase price of the franchise (incl VAT)?

R 1 300 000.00 (One million three hundred thousand Rand)  
If the purchaser is Vat registered then the transaction will be at 0 Vat.

### What is included in the purchase price and breakdown of various costs?

The right to trade under the name of the selling company. To benefit from the existing revenue streams currently generated by the franchised network as well as the opportunity to expand and grow the business from the established base and market share within the Western Cape, excluding the Garden Rout area.

### Does the franchisor offer finance?

No

### Do any of the Bank or Financial service providers recognises this franchise and will they offer any form of finance?

This option has not been explored

### How many months working capital will the franchisee require?

None

### When will a franchisee be able to start drawing profits from the franchise?

To confirm, this opportunity is for a franchisor. The buyer will start earning immediately after takeover

### How much unencumbered cash is needed from prospective franchisee?

Not applicable