

Disrupting SA's food services market

Savvy investors will know South Africa's food services industry is ripe for disruption, and spearheading the revolution is SmartFoods – the "fast-food joint for the next generation".



Image supplied

CEO, co-founder and food industry entrepreneur, Callan Williamson, shares insights into the challenges faced by food services businesses, and the tech-driven solutions that enable these operators to thrive, while also creating appetising opportunities for investors.

Under significant threat in today's food services market are both single brand 'bricks & mortar' take-aways and the traditional franchise model. This is a result of accelerating changes in consumer consumption patterns, shifting tech-driven convenience expectations and the tightening of food services business model economics.

Industry challenges

Health and wellness concerns are driving consumer consumption patterns to healthier meals made with fresh, organic and locally sourced ingredients; as well as to more diverse culinary experiences; and to more sustainable choices, including environmentally responsible packaging.

Simultaneously, consumer expectations in terms of tech-driven convenience like food delivery apps and online platforms have shifted. At the same time the industry business model economics are under increasing pressure, as food prices, delivery costs and commissions decimate margins.

"To survive and thrive, take away businesses and fast-food franchises need to adapt to these challenges and meet the changing demands and expectations of today's consumers by focusing on healthier options, diversifying their menus, embracing technology, and incorporating sustainable practices," explains Williamson.

Before co-founding SmartFoods, Williamson spent five years in asset management as an analyst and portfolio manager, and identified an opportunity to bring this new wave of healthier and convenience driven eating to the South African fast-food market. In 2017, Williamson acquired Tortilla Modern Mexican and began his journey to improve the current offering to the local fast-food market.

From this single brand restaurant in 2017, SmartFoods has grown exponentially and - having acquired a number of other feel-good food brands including Fabrica do Prego, Hokey Poke and Temaki Time - delivered a R20 million turnover last year.

Innovation in our food offering

SmartFoods stores are geared for the next-generation of customers where multiple brands can be accessed in one seamless transaction - a feature that sets SmartFoods apart from the competition by providing the right meal options for every eating occasion.

To ensure the best digital retail experience for users, SmartFoods also offers a loyalty programme that uses an automated WhatsApp messaging service to keep clients informed of their status.

Tech-driven success

"We are revolutionising the fast-food industry by leveraging technology and data-driven insights," says Williamson. "Our tech-driven approach is key to the success of our SmartFoods strategy. Just like it does for us, SmartFoods technology provides other traditional food establishments with solutions to compete successfully in the rapidly changing food services market."

Their first commercial product, Smarty Virtual Store Manager, is a self-regulating tech SAAS product that manages staff behaviour, measures change, makes autonomous interventions and adapts to industry trends and macro changes. This product enables other restaurants within the food services industry to reduce head office costs, enable scaling without franchising and drive consumer satisfaction and profitability replacing budget typically allocated for additional managerial resources.

Into the future of food service

Williamson notes that the SmartFoods short-term plan going forward includes dominating the Western Cape in the next

three years by opening 15 stores and achieving R100 million turnover, while also reaching R1 million turnover with SmartFoods' tech SAAS products over the same time.

Looking at the next five to 10 years, SmartFoods is set to grow nationally to 100+ stores with a R1bn turnover, and - once the SAAS product is validated locally, SmartFoods will explore scaling the tech SAAS product internationally.

"SmartFoods is well-positioned to become the 'fast-food joint for the next generation', thanks to our thorough industry analysis and deep understanding of the food services industry, six years of hands-on experience in South Africa, our excellent product, and our tech-driven focus," concludes Williamson.

"This creates an exciting investment opportunity for venture capitalists, private equity fund managers and HNW individuals to partner with us and to prosper from the revolution in the fast-food industry."

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