

# Cape Union Mart plans to expand in Botswana, Namibia, SA

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Privately owned and family-operated business Cape Union Mart Group will expand its footprint in SA, Namibia and Botswana, CEO Andre Labuschaigne said on Friday, 18 October 2013.



The company's brands include Old Khaki, K-Way, Sparks and Ellis, a uniform company, and Poetry - a lifestyle concept store for women.

"We are aiming for 200 stores by 2016. We believe in SA, Namibia and Botswana. We are not going further north of the border in the foreseeable future," he said.

Cape Union Mart, which this year celebrates its 80th anniversary, was founded in 1933 by the late Philip Krawitz, the grandfather and namesake of the current chairman.

The company started out as an army- and navy-type store and today employs more than 2,000 people. In addition to the nearly 80 Cape Union Mart stores in SA, the group owns and operates 20 Poetry outlets and more than 40 Old Khaki stores.

Last year, the group invested R2m in equipment and machinery for its K-Way brand in order to gain an edge over the influx of cheap imports from East Asia. These imports continue to put strain on domestic clothing, textile and footwear makers.

K-Way, which produces a range of outdoor clothing and gear, also increased the size of its factory's production floor by 700m<sup>2</sup> at a cost of more than R3m, to enhance design and production capabilities. The factory, located in Tokai, Cape Town, makes 450,000 garments a year.

South African manufacturers are competing with the Asian producers' cut-throat prices, which are mainly a result of low labour costs, large production runs and subsidies offered by states.

"There is one thing that all manufactures are crying for in SA and that is for the government to stop levying import duty on fabric.

"Because we don't have a textile industry in SA, we can't buy locally and if we could import that fabric duty free, we could be much more competitive and it would create more jobs," Mr Labuschaigne, who joined the group in 2011, said.

The company, which he said continued to see strong double-digit year-on-year growth in turnover and profitability, has also expanded its distribution centre in Montague Gardens, Western Cape.

Most retailers have been bemoaning the trading environment as consumers in the middle-to-low living standard measures battle rising utility costs, debt and a dearth of jobs in SA.

Philip Krawitz, chairman of Cape Union Mart, said the group's understanding of its customers and its focus on value-for-money had been key in driving its success.

"Even during an economic downturn customers return because they are willing to spend money on durable, practical products that are well-priced," he said.

Source: Business Day

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