

Retailer The Crazy Store plans African expansion

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5 Oct 2011

Discount retailer The Crazy Store (TCS), plans to expand its footprint and cash-in on Africa's burgeoning middle class.

"This is no time to sit back and take our foot off the pedal. While we're already well-established in Namibia, we're looking at further expansion in Mozambique and Zambia, and we plan to open more stores in South Africa in order to satisfy our customer base," managing director Jon Els said.

The discount variety chain, which celebrated its 14th birthday in August, recently opened the doors of its 200th store in the Canal Walk shopping Centre.

Africa has been growing almost 5% each year since 2000, making it the world's third fastest growing region, according to McKinsey and Company.

Consumer facing industries stand to benefit the most from Africa's boom as spending on the continent is forecast to reach US\$1.4 trillion by 2020.

TCS is a division of trading group Melbro Retail, which last month opened a R65-million Epping, Western Cape facility.

With a national total of more than 50 000m² of warehouse space, housing 8 000 different product lines, including famous international brands such as Wrigleys, Mars, Lindt and Act II and an array of toys, tools, housewares and giftware, Melbro's investment signifies sustained growth in its retail and wholesale operations. Melbro's growth plans include more house brands, further northward expansion and at least one significant acquisition, it said.

TCS, together with its smaller sister wholesale business, has grown at a compound annual growth rate of 27% over the last 10 years and has a turnover of almost R1 billion.

But the company said that the last three years had been challenging due to the world recession.

"Customers have been affected by the high cost of electricity, fuel and food, and the company has been similarly affected by high electricity costs, higher distribution costs and increased competition.

To counter the pressures, and to keep prices as competitive as possible, the company said it had invested heavily in staff training, IT systems and increased efficiencies in the supply chain.

TCS has warehouse facilities in Johannesburg, Durban, Port Elizabeth and a new R65 million Cape Town warehouse.

Melbro Retail recently launched a new retail brand called KHOKI that sells a range of stationery, arts and crafts, educational toys and children's books.

Melbro's Epping facility is complemented by facilities in Johannesburg, Durban and Port Elizabeth and, together, they enable its wholesale businesses - Heneck Sacks and J Melnick & Co - to service over 10 000 retailers across Southern Africa.

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