

## Clothing retailers eye expansion

Listed retailer Truworths (TRU) will open 19 stores in the second half of the 2012 financial period, it said on Thursday, 23 February.

By [Zeenat Moorad](#) 24 Feb 2012

This comes at a time when consumer spending is expected to be stifled amid subdued economic growth and an increase in electricity and fuel prices.

The group, which sells Truworths, Daniel Hechter, LTD and Ginger Mary clothing lines, announced that it would open 13 stores in SA and six in the rest of Africa.

"Capital expenditure of R132 million has been committed for the remainder of the 2012 financial period," the retailer noted

On Thursday, Truworths booked a 14% increase in first half profits, as it grew its customer base and increased market share.

It said group retail sales increased 10.7% to R4.8 billion for the period, and comparable store retail sales grew 6.2%, while product inflation averaged 8%.

Based on figures from the retail liaison committee (RLC), Truworths' ladieswear clothing market share increased from 22.1% to 22.6% at December 2011 and its menswear market share grew from 21.7% to 22%.

Edcon, SA's biggest clothing retailer said it was also looking to accelerate its space growth.

"Within SA we're targeting close to 5% in the next year and in the next couple of years per annum too.

"We opened in Zambia recently and we're evaluating other countries in Africa," CFO Steve Binnie told *I-Net Bridge/BusinessLIVE*.

On Thursday, the company said total retail sales advanced 12.3% for the quarter ended December 31 2011. Same stores sales rose 10.5%.

"We're very pleased that we were able to gain some market share in the quarter," Binnie said.

Once known as the retail jewel of SA, Edcon was de-listed from the JSE in 2007 when its shareholders voted in favour of the group Bain Capital's R25 billion takeover bid - one of the biggest private equity deals to take place in SA.

Over the quarter, the company's Edgars Department Stores division, which includes Edgars, Boardmans and Red Square increased retail sales by 13%, mainly due to strong growth from cellular products, childrenswear and footwear.

Edcon said the number of active accounts for the third quarter was 3.9 million compared with 3.8 million in the year before. Truworths' active account base grew 14% to approximately 2.4 million accounts, in the 26 weeks to end December.

With the opening of Spain's Zara, owned by Inditex, the world's biggest fashion retailer opening its doors in SA late last year, local players are smarting up and streamlining supply chain.

Much like the arrival of US powerhouse Wal-Mart, Zara's arrival has been touted as a game changer for the local industry.

Last week upmarket rival Woolworths (WHL) said it would beef up its clothing business after a disappointing performance in the first half.

"If you look at clothing overall, we were slightly behind the market and that was driven by women's wear where we were also behind the market, and that's what we need to fix," CEO Ian Moir said, adding that some categories within clothing like kids' wear, women's accessories and lingerie did trade well.

Woolworths clothing sales including Country Road's South African operations grew 11.2%, with sales in comparable stores up 5.9% in the 26 weeks to December period.

"We traded sort of where Truworths did, but not as well as The Foschini Group and we did a bit better than Edgars did," Ivie said.

He pointed to a shortened merchandise cycle, as one remedy.

"We want to get more newness, more often - you can't, as a business, do six week drops anymore, back in the good old days that was fine, but not anymore, when you've got competition like Zara and The Foschini Group who are doing a good job on fashion.

"So every two weeks we now drop fashion, it started in late November and we've seen lifts in performance," Moir commented.

Likewise, Binnie said Edcon was focused on being more "responsive".

"There are initiatives underway to shortening our cycle," he noted.

Mark Richard Bower will take over as Edcon's CFO from 1 July. Binnie succeeds Sappi's Mark Thompson as CFO on 9 July.

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