

Edcon secures franchise rights to UK's Dune brand

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Edcon, the unlisted owner of clothing chains Edgars and Jet, said on Friday that it had been granted the South African franchise rights for Dune, a UK-based fashion footwear and accessories brand.



A standalone Dune store will open in Sandton City Shopping Centre in August, with store-in-store concepts opening in four Edgars branches during November.

Edcon is in the midst of reviving its Edgars chain, which has lost market share over the last few years.

The introduction of the new brand is an extension of the group's shop-in-shop and mono-branded stores concept aimed at increasing footfall. Last year, in partnership with The House of Busby, Edcon was given the rights for Topshop and Topman in SA.

CEO Jürgen Schreiber said the brands have benefited the group.

"Every store where we've put in brands like Mango and Forever New we've seen great sales results. New customers are coming into the stores, and the customers whom we lost a couple of years ago are coming back with these new brands.

"Our private label is doing better because we're getting more customers through the doors," Schreiber said.

In August, Edcon will also open a 300m² standalone Tom Tailor store in Sandton City after it was given the franchise rights for the German lifestyle and fashion brand.

From next month onwards Tom Tailor shop-in-shops will roll out within 25 Edgars' stores, focusing initially on a denim offering.

Edgars' store refurbishment programme of 120 outlets dubbed "Tipping Point" is under way and should be completed by September. The group has also improved sourcing and is adding new retail formats such as Edgars Shoe Gallery.

For the year ended March, the Edgars division grew retail sales 4.1% to R13.3bn, but same-store sales were R12bn from R12.2bn.

"We expect better numbers in October," Schreiber said.

Gryphon Asset Management portfolio manager Reuben Beelders said: "There are two issues with adding new brands. Will the new brands draw customers into stores and as a result of the customers walking into the stores, will they spend more money on the other Edgars brands? I'm not 100% sure that that will happen.

"Also, if you're going to be implementing new brands there's a cost ... You're not going to launch a new brand that's going to take off immediately, there will be a gestation period, a period of investment.

"A competitor like Woolies, who launched Country Road and Trenery, appeals to a slightly different market, where if you're launching a brand you can charge a high enough selling price to recover the cost. Edcon seems to be following (this) approach but in a lower segment."

Source: Business Day

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