

Mr Price sees 16% sales rise in 18 weeks

Mr Price has reported a 16% sales rise for the 18 weeks to 2 August and seen its budget-friendly offerings continue to appeal to shoppers who are struggling in an ailing economy.



Mr Price has seen sales increase by 16% in the 18 weeks to August despite tough trading conditions for fashion outlets in South Africa.

Image: [Woodlands Boulevard](#)

Cash sales at the group rose 19%, exceeding credit sales growth of 5.7%, and accounted for 80.6% of total sales.

"As a fashion-value retailer, the group is comparatively well positioned," Mr Price said. "However, cognisance must be taken of the comparable period last year when Mr Price apparel performed exceptionally well, setting a very high base," the company said.

"The other chains are also expected to face tougher trading conditions in the second half," it added

Revenue in its clothing division, which includes Mr Price Apparel, Mr Price Sport and Miladys, grew from 14% last year to 18%, for this year. Mr Price Apparel delivered strong sales growth and continued to increase market share, while Mr Price Sport performed in line with expectations.

Miladys experienced a disappointing trading period as a result of the difficult credit environment and some incorrect merchandise calls. Mr Price, whose credit sales growth spiked in the third quarter of its 2011 financial year, albeit at a lower level than the market experienced, has adopted a more cautious approach to credit, preserving its cash model.

In order to manage their books through the tough credit cycle, retailers including The Foschini Group and Truworths have also introduced stricter lending criteria as consumers battle to pay store accounts.

Mr Price's home segment achieved sales growth of 11.2%, and 7.4% on a comparable basis.

Last week, Momentum Portfolio Manager Wayne McCurrie said the local consumer was struggling.

"We've had all the strikes, there's been virtually no job creation, the economy is doing quite badly, debt levels are high and interest rates are going up. The overall consumer environment is relatively poor," McCurrie said.

Source: BDPro via I-Net Bridge

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