

Possible DionWired, Masscash closures to affect 1,400 workers

Massmart, the South African unit of Walmart Inc., is looking to close its 23-store DionWired chain and its 11 Masscash wholesale outlets. The move is expected to affect approximately 1,440 employees.



In a SENS announcement published on Monday, 13 January, the Massmart Group said it recently conducted a "store optimisation project" that highlighted a number of underperforming stores in its portfolio. It has commenced a consultation process with labour unions and other stakeholders about the possible store closures and jobs cuts.

The news comes just five months after Mitchell Slape stepped into his role [as Massmart CEO](#) on 1 September 2019, with a brief to turn around the retailer.



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Massmart names Walmart exec Mitchell Slape as new CEO

23 May 2019

Massmart, which also owns Makro and Game, has underperformed in the retail sector for several years and reported a loss in the first half of last year.

The company closed two DionWired outlets in the first half of 2019. According to a [Fin24 report](#), the group said at the time that DionWired sales had been affected by low consumer confidence, which caused a decline in customer traffic in major shopping malls. Customers also put on hold purchases of high price-ticket electronic items as SA economy stagnated last year, and the retailer faced stock supply challenges causing its outlets to underperform.

Masscash, which consists of wholesale and cash & carry outlets like Jumbo and Rhino which target low-income groups, has experienced severe price deflation in staples like maize, oil and sugar in some of its brands. Massmart started converting some of its underperforming brands, like Rhino, to Cambridge Food Retail to help lift its profits, the *Fin24* report explains.

Massmart will advise shareholders about its progress on the store closures at a later stage, once the retrenchment process consultations are complete. The retail group has reportedly launched a 24-hour helpline to counsel the affected parties.

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