

Woolworths buys back African franchises

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Woolworths said on Tuesday, 5 November, that it had signed agreements to purchase its franchise businesses in Botswana, Namibia, Swaziland and Ghana.



Woolworths has bought back some of its African franchises. Image: [Wernhil Park Mall](#)

This marks the end of franchise stores in African countries for the retailer.

Woolworths, like other retailers, is expanding its footprint on the continent as urbanisation and rising affluence fuel a boom in fast-growing cities, with a middle class clamouring for high-quality goods.

Focused on company stores or joint ventures

Woolworths says its investments in African countries in future will be focused on company stores or joint ventures. The group has a presence in 12 African countries, excluding SA.

Woolworths' chief executive Ian Moir said the transaction gives the group a business of scale, lifts profitability of its African operations and positions it for growth in these countries. The 33 stores in the countries are predominantly clothing and general merchandise but Botswana has a significant food business.

The addition of the stores brings the combined retail turnover in African countries close to R1bn a year.

The franchise stores were previously managed by Ish Handa, who will become a non-executive director of Woolworths in both Botswana and Namibia once the deal is concluded. It is subject to competition commission approval in Namibia, Botswana and Swaziland.

Planning 82 stores in Africa

Woolworths says it plans to have about 82 stores in Africa outside of its home market by 2016. The group's retail operations and international director Paula Disberry this week said that the economic and socio-demographic trends in Africa were working in favour of Woolworths' positioning.

"The growth in sub-Saharan Africa has been over 5% for the last three years," she said at the World Retail Congress Africa in Sandton. The group has launched its WRewards loyalty programme to the Zambian and Mauritian markets, where 45% of its sales can be tracked.

"We have introduced store cards and a credit offering in Kenya and we will roll out our store card to all our African countries," Disberry said.

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