

SA luggage market poised for growth - Samsonite Europe president

Samsonite South Africa, a joint venture between local entrepreneurs and Samsonite Europe, has grown turnover six-fold since 2009 and expects to double sales within the next five years. It has also recently taken over the TUMI brand locally, following a global acquisition.



Tom O'Flaherty, Samsonite Southern Africa MD; Arne Borrey, Samsonite Europe president; Gert Weyers, vice president – business development and distributors, Samsonite Europe; and Rob Kunze, director – Samsonite Southern Africa.

Arne Borrey, president of Samsonite Europe, recently flew into South Africa to visit local partners Tom O'Flaherty and Rob Kunze and bed down the local transition of the international takeover of luggage brand TUMI, which Samsonite International acquired in August last year.

Globally, the group's total sales increased by 17.3% to US \$2 810.5 million during the year ended 31 December 2016. This followed a 36.7% increase in North America, a 4.7% increase in Latin America, a 22% increase in Europe and a 36.7% increase in Asia.

Luggage sales potential

Over the long-term, global tourism is estimated to grow by 3.3% annually from 2011 to 2030. The worldwide luggage market is forecast to grow at an annual rate of 6.1% between 2017 and 2021.

Although times are tight in South Africa, travel is also still expected to increase. A study by Grant Thornton International published in January 2017 shows that South Africa's outbound tourism has grown by 6.2% between 2006 and 2015 and is set to continue to accelerate. Last year, 5.5 million locals travelled. Of these, 300,000 were leisure travellers.

However, the potential travellers have Borrey's attention. According to the study, 860,000 individuals – or 3% of the population – can afford to take holidays. That is double plus current figures.

"There is a core of people that travel a lot in this country and know our brands. We knew that would be a good foundation for the business. However, the people that will take us to the next level will be the emerging middle market that is just starting to discover travel. They want to go abroad and also have business travel needs that we can meet with all kinds of products."

Brands grow locally

In South Africa, the company has a number of brands – Samsonite that targets the higher end travel and business market; American Tourister, which is more affordable and appeals to the younger traveller, fashion-focused Lipault luggage and handbags; and TUMI that appeals to the top end of the travel market.

Samsonite, which has been in South Africa for 19 years, remains the market leader. American Tourister, which was virtually non-existent at the time of the joint venture, now features within the top four luggage brands in South Africa and accounts for between 20-30% of local business.

South Africa was one of three joint ventures that Samsonite entered into in 2009. "At the time, South Africa, Russia and Turkey were the three most promising emerging markets within our portfolio. I believe that, had we not partnered with those local entrepreneurs who both knew the Samsonite brand and their own markets very well, we would have failed."

Over the years, these three markets have performed differently. The growth of the middle class has been quicker in Russia and Turkey. "As a result, the growth potential in South Africa is somewhat larger than in markets such as Turkey, where the penetration of our products has been much bigger over the past 10 years," he says.

Another difference is that, up until now, Samsonite South Africa has grown on the back of outbound travel. In Turkey, there is a great deal of inbound tourism from Europe and Asia. These tourists come to shop. This is only now beginning to emerge in South Africa. With increased numbers of inbound passengers, particularly from North Africa, Samsonite is beginning to see increases in sales, particularly in Gauteng.

Overhauling 'old' retail habits

Borrey, who is responsible for the overall strategic planning and for managing the group's operations across Europe, is an expert in business development. He believes it is time to re-think luggage retailing in South Africa completely. He believes it remains stuck in the seventies.

"When you walk into many luggage and leather goods stores here, you often see a wall of products which can be overwhelming. That is not the way of the future, which will be about visual merchandising and creating a memorable retail experience. With luggage, there has to be a personal connection and we want to provide that."

Currently, the company's products are sold via more than 100 specialised luggage outlets and 60 mass-market stores. Samsonite South Africa has seven of its own corporate stores, including a factory outlet and a TUMI store in Johannesburg, which officially moved under the group's banner this month. The local online offering was launched in November 2016. In South Africa, retail channels will also be closely aligned with online channels, as they are in Europe.

Concept stores

Borrey expects the company's concept stores to lead the way. Each one will be more than 'just another luggage shop', occupying a similar space to designer clothing boutiques and branded electronics outlets.

Two stores – the new Nicolway store in Johannesburg and the Tygervalley store in Cape Town – have already been completely remodelled into new age stores.

"This will definitely lift the brand. When people walk in, they will realise that the environment says we are different, we are world class. We need to offer the consumer new ideas. If you have stores in right location, a consumer will come in every two to three months. So, they need to see something new, something interesting," concludes Borrey.

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