

# Global clothing retailers eye Africa's fashionistas

Fashionistas rejoiced and local clothing retailers stepped up their plans to maximise supply chain efficiencies as global fashion brands such as Zara and Topshop expanded in South Africa last year.

The upsurge of consumer culture in Africa presents a compelling investment case for international companies, which are progressively looking at rising emerging-market wealth to offset sluggish growth in traditional economies.

Abri du Plessis, CEO and chief analyst at Gryphon Asset Management, says the view internationally is that Africa is one of the large growing markets available and, given the local market's well-developed nature, international players that are interested see it as a "stepping stone and one of the first entry points into the rest of Africa".

Gap, bebe, Cotton On Group, Thomas Pink and Superdry have also set up shop in the country.

According to Isabel Cavill, senior analyst at London's Planet Retail, retailers are considering setting up in South Africa because they're looking for new income streams in a relatively untapped market and are setting up shops in areas that are affluent enough to support their stores.

Fast-fashion retailers, which are famed for getting products based on the latest catwalk trends into stores in as little as two weeks, are now starting to get around reverse seasonality by creating ranges that are less season-sensitive, allowing them to ship further afield.

New items appear in Zara's stores twice a week and the brand has created a range specifically for the southern hemisphere. Topshop's store in Sandton City receives new stock every week.

While their footprint is dwarfed by the presence of local market operators, being that nimble has spurred local groups to pay closer attention to their fashion credibility by shortening their merchandise cycles.

Doug Murray, CEO of the Foschini Group, says the supply chain has been the company's focus area for several years.

"We used to have 180 days' lead time, now we're working on 130 days, 90 days and 56 days.

"In shorter lead times you are more likely to call the fashion right if you are making the decision closer to the point that the product is going into the store."

Mr Price CEO Stuart Bird says the proliferation of international brands in South Africa gives the local consumer more choice. "For us, it's not a bad thing and it certainly keeps us on our toes."

Woolworths CEO Ian Moir says competition is a good thing.

"If you don't get competition you get lazy and you lose sight of what you need to do. We've had a very competitive environment, The Foschini Group do a good job, Truworths do a good job, it's not as if we haven't had competition earlier."

Hype aside, a dose of reality is needed as the barriers to trade successfully in South Africa are quite high.

Aggressive expansion of these global brands will be capped by the shortage of prime location spots in key malls, and much also depends on their price points.

The brands are often mass marketed in terms of fashion and quality, yet when the firms bring merchandise to South Africa, it tends to be quite expensive.

They also do not have the credit offering that a number of retailers in South Africa are able to extend.

Truworths CEO Michael Mark says in the group's annual report the firm regarded global competition in the same manner it did local competitors.

"International retailers who open stores in South Africa do not necessarily understand trends better than we do and they face their own difficulties in trading in South Africa.

"While the group will never become complacent to the threat of local or international competition, we believe that if the right fashion is available in our stores it will continue to attract customers, regardless of the level of competitor activity."

So while slick global retailers may have a stellar track record in reading and setting fashion trends, it is safe to say that a fashion face-off is a while away and it will take time for them to cause a big bang and really break into the local market where South Africa's existing players are already doing a pretty good job.

In the meantime, consumers can look forward to more brands entering the country.

"The South African market is crying out for more fashion-forward, or what we call 'directional' retailers, as up until recently the clothing market in South Africa has been quite conservative," Cavill says.

Source: *Business Day*

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