

Australia's Cotton On to open 40 stores across SA

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Australia's Cotton On Group will open up to 40 stores across SA before Christmas, chief financial officer Michael Hardwick said yesterday, 31 August 2015.



The country's apparel shoppers have been little deterred by rising costs and debt - with the value and budget segment remaining particularly resilient.

The company has 130 stores in the country across its brands, which include stationery chain Typo and Cotton Kids.

"When we opened in 2011, we provided something that was a little bit different around store experience and visual merchandising ... we have seen competitors improve over the last few years. We expect to open north of 200 stores over the next three years in SA," he said.

Three of its highest grossing stores - Sandton City, V&A Waterfront and Gateway shopping Centre - are based in SA.

"Our Sandton City store is ranked number one in the world," Hardwick said.

Next month H&M will become the latest in a slew of brands to enter SA - seen as a frontier market. The fast fashion retailer will open its first African store at the V&A Waterfront in Cape Town. The 4,700m² store, sprawled across two floors, will be one of its largest flagship stores in the world.

Over the past five years, SA has attracted a range of global brands such as Zara, Topshop and River Island, many of which see the country as a new income stream in a relatively untapped market, and as a stepping stone to other sub-Saharan markets.

Some have fared better than others, however.

"From what we can gather they have been the best performer by far ... coming in here from point zero, with no stores and build a business doing reportedly around R1bn a year in a relatively short space of time ... it's a phenomenal achievement.

"Zara has just under a dozen stores ... there is no one near Cotton On's 130 stores, from the international guys," independent analyst Syd Vianello said.

Cotton On has about 1,300 stores across eight brands in 17 countries including Brazil.

In May, it opened a store in Namibia and, "Botswana is next on our expansion radar", Hardwick said. The group, which recently launched an instore credit offering in SA, is also exploring opportunities for establishing local sourcing partnerships in either SA or a neighbouring country.

Cotton On is set to introduce its Supré brand - which focuses on the fast fashion female youth market - in Johannesburg, Cape Town and Durban.

Cotton On was founded 24 years ago by Nigel Austin, when he started selling acid-wash denim jackets from the boot of his car at a market in Geelong, Australia. He opened his first retail store in Geelong in 1991.

Hardwick ruled out talk of a buyout by a local player. "We enjoy the privacy and anonymity as an independent retailer."

Source: Business Day via I-Net Bridge

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