

Woolworths expands casual wear offering after return to profit growth

By [Ngobile Dlodla](#)

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South African retailer Woolworths said on Thursday it was expanding its casual and sports leisurewear ranges to reduce reliance on formal wear, after [reporting a rise](#) in half-year profit for the first time since 2015.



Shoppers walk into a Woolworths store at a shopping center in Lenasia, south of Johannesburg, file. Reuters/Siphiwe Sibeko

The company aims to tap stronger demand for casual and sportswear as the coronavirus pandemic has accelerated a shift to working from home.

Clothes' retailers have recently struggled to keep up with the change in consumer preference as they battle a drop in footfalls in malls and shopping centres.

"There's clearly a need for us to be more relevant in both style and trend but we're not aspiring to be a high fashion or fast fashion business," Manie Maritz, managing director of the group's fashion, beauty and home business in South Africa, said.

Studio.W and WCollection coming to an end

Woolworths, which also operates in Australia and New Zealand, announced in September a strategic review of its fashion business in its home business, which the firm says has been plagued by poor execution of fashion ranges and a lack of understanding of its customers.

"This approach resulted in customers that were confused or felt that our proposition did not resonate and consequently left the brand," Maritz added.

To fix this, Woolworths launched a more extensive sports leisurewear range in 18 stores this month and is adding more casual wear ranges in womenswear and menswear. The group is also ending its Studio.W and WCollection clothing ranges, Maritz said, adding that Woolworths will also add selective third-party brands to its stable of private label brands.

"From a financial point of view, what you're going to see is an improvement in gross margin, growth in full-price sales, a reduction in markdowns and also reduction in space and hopefully driving up improved turnovers and trading densities," he said.



Woolworths posts first jump in half-year profit since 2015

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Woolworths' fashion, beauty and homeware business in South Africa, where the group makes 62% of its revenues, saw sales drop 11.2% in the 26 weeks to 27 Dec, hit by a significant decrease in Black Friday spending and the reduction in formal wear trade.

Food sales rose 10.9% in South Africa, where Woolworths has now seen market share growth in that segment for 10 consecutive years, group chief executive Roy Bagattini said.



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Overall group turnover and concession sales rose by 5.3% in the first half, recovering from a 4% decline in the second half of its financial year to 28 June, thanks also to smaller sales declines in David Jones and Country Road Group in Australia and New Zealand.

The retailer, which last month had flagged the jump in profit, said first-half headline earnings per share (HEPS), the main gauge of profit in South Africa, surged by 58.3% to 261.1 cents. Adjusted diluted HEPS, which strips out certain items, rose by 19.4%.

Source: Reuters

(Reporting by Nqobile Dlodla; Editing by Rashmi Aich, Edmund Blair and Susan Fenton)