

Woolworths to grow African joint ventures

By [Annaleigh Vallie](#)

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South African retailer Woolworths Holdings has announced a joint venture in Tanzania and Uganda, adding more stores to its growing African portfolio.

The company said on Friday that it would add another store in Uganda and another two in Tanzania by the end of the year, while plans were already under way for stores in Nigeria, Rwanda and Angola.

"It is the right time to invest in Africa. It represents a huge opportunity for all retailers in SA," Woolworths' head of franchise, John Fraser, said on Friday, 9 September 2011.

The company plans to open 16 new stores in the 2012 financial year, bringing its total African footprint to 60. Retail space will increase by 42% next year and by an estimated 145% over the next three years, it said.

Fraser said that the company had changed its business model from a franchise model to joint ventures.

"We acted as a wholesaler selling to individuals and left the retailing side up to the franchisees in the past. But we are serious about expansion into Africa and realised a joint venture gives us the best of both worlds. We can bring our extensive retailing experience and expertise, and work with partners who understand the local environment and customer."

In Uganda and Tanzania the local partner would be Ali Mufuruki, who had been a franchise owner before.

"Mr Mufuruki has helped establish the Woolworths brand in Tanzania and has a great understanding of how we do business," Fraser said. "We are confident that by working with our local partners and focusing on supply chains we can bring the price of goods down."

"We will provide a bigger offering and choice. At the moment children's wear, menswear and lingerie are performing well."

The company will not be serving its food offering to the broader African market yet, although some of SA's neighbouring countries have food stores.

Sourcing in Africa remained a challenge, Fraser said.

Woolworths CEO Ian Moir said last month that Africa represented a real opportunity. "Where there are aspirant customers in Africa our brand will be appealing. The biggest issue is getting goods into countries and not paying double duty."

"Nigeria is a rapidly expanding market.... In three or four years things will change dramatically and there will be a few malls, and we need to be in there at the start."

The African operation made up 3% of business but in future would become a big part of it, he said.

Absa Investments analyst Chris Gilmour said oil-producing nations would be lucrative for Woolworths. "There isn't much competition and they should be able to sell their clothing at a premium. It is a whole new arena but the money is there and it is important to be one of the companies that are first off the mark."

Source: Business Day

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