

# Woolworths confirms more local sourcing

By [Colleen Goko](#)

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Woolworths has turned its focus to sourcing goods from SA and the Southern African Development Community (SADC), a move that CEO Ian Moir says has been good for business. In the 26 weeks ended December 25, its clothing and general merchandise sales grew by 3.5% with inflation of 7.3%. Comparable sales in this segment grew by 1.2%.



Woolworths CE Ian Moir.

Picture: [Trevor Samson/Business Day](#)

Moir said clothing inflation costs were lower than any of the company's competitors. "We are on-shoring a lot of our activity from SA and SADC. In SA, by the end of the year, we would have increased our buy by nearly 10%. Our total intake from SADC is now 54% of all of our purchases and it's made a real difference."

Moir said that a number of things had inspired the change into sourcing on shore: "The rand had depreciated over the period of time that we were planning this. We were also looking for the ability to get closer to the market and that's most easily done by sourcing close by."

Moir confirmed that there had been a lot of investment by the government in equipment and training: "We worked closely with a number of different companies through the process and they are now able to give us attractive pricing and quality

goods. This had benefits for us and consumers. There is the benefit of more jobs created as well."

Moir said trading in SA had been difficult in the period under review and would remain so for the rest of the company's financial year: "There's lots of political uncertainty which has led to economic instability. To compound that, there is low growth in disposable income, high inflation, a softening labour market and the added impact of the National Credit Act amendment."

Moire confirmed that the retail scene is tough: "We expect the second half to be similar to the first, but we also expect to grow market share. We are going through a downturn in the economic cycle. In the context of the pressure on the consumer right now we produced credible results."

**Source:** BDpro

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