

Big-name global players take on SA's clothing retailers

South Africa's clothing retail sector has become a battleground of international newcomers taking on the old guard. For decades, local clothing retailers were largely isolated from foreign competition, but, despite belt-tightening by consumers, this comfortable situation is changing fast as more players enter the market, according to the IMM Journal of Strategic Marketing in its latest April/May 2016 issue.

The country has become the new hunting ground for growing numbers of big-name global players eager to stake their claim in a clothing market with annual sales of R180 billion. It is a change local fashion retailers do not take lightly.

"There is no doubt foreign retailers represent a major threat," said Ian Moir, CEO of Woolworths. He is one of those who has taken his company offshore to ensure diversification of revenue streams and lessen the impact of increased competition at home.

Precisely how many foreign clothing retailers have entered South Africa is unclear, but an analysis of media coverage indicates the number is beyond 20.

For local clothing retailers, the real challenge is coming from mass-market heavyweights, not least among them is newcomer Hennes & Mauritz, trading as H&M.

A massively capable business

H&M is also one of the world's most aggressive clothing retailers when it comes to growing its footprint. In 2015 its store numbers grew by 413 to 3924 outlets and will expand by another 425 outlets in 2016. "H&M is a massive business and a massively capable one," Moir told the magazine. "It represents a bigger threat than Zara."

Moir has good reason to sound a warning about H&M. "We are going to be big in South Africa," said Pär Darj, H&M's country manager. "SA has a large number of fashion stores and, where there is a big interest in fashion, that's where H&M wants to be."

The retailer signalled that it means business when, in October 2015, it opened its first local store, in Cape Town's V&A Waterfront. Interestingly, the store received high praise from opposing CEO Doug Murray, who heads up The Foschini Group (TFG). "It is extremely impressive and is probably the best store H&M has anywhere in the world," he observed.

Published five times a year by the Institute of Marketing Management (IMM), the magazine is available in print and digital formats and is read by professional marketers and those working in related fields, business executives, IMM alumni and IMM Graduate School students.

The print edition is on sale at selected CNA and Exclusive Books outlets, or available via subscription. Copies are also



distributed via a targetted professional mailing list and through selected airline lounges and the IMM Graduate School's student support centres.

For more, visit: <https://www.bizcommunity.com>