

Consumers and malls to benefit from added international retailers

South African shopping centres are truly world class, according to Amanda Stops, CEO of the South African Council of Shopping Centres (SACSC), who believes that the increase in international retailers entering the market is good for both the industry and consumers...



Amanda Stops, SACSC CEO.

"Our shopping centres can hold their own against the best internationally, albeit without as many global retail brands, but even here we are making progress with a growing number of international retailers entering our market over the last few years," she added.

A SACSC delegation represented South Africa at the International Council of Shopping Centres (ICSC) Retail Connections in London earlier this year. They promoted South Africa as an attractive retail market there and gained a better understanding of international retailers' needs and strategies.

"While our local retail brands remain important, introducing new brands to the market ultimately benefits the consumer, offering increased variety and choice," explained Stops.

The delegation included leading JSE-listed REITs Hyprop Investments and Resilient Property Income Fund, as well as SA's premier shopping centre players Pareto, Old Mutual Property, Investec, Rockcastle, Gate 27, BGI and Knight Frank.

Franchising model

The SA delegation met some exciting retail brands, many of which are considering possible expansion into South Africa and Africa. These included Mothercare, the Teddy Group, Debenhams, BHS, Hamleys, Bloomin Brands, Tom Tailor, MAF Carrefour and Lakeland.

"Our discussions revealed that many international brands are interested in trading in South Africa, but they are basing their expansion on a franchising model," explained Stops. "So, adding international brands to our shopping centres is becoming more complex. It now also requires introducing the right franchise or licence partner, with the capabilities to roll out stores."

Stops added that it has become clear that encouraging international retailers to enter our market will only be possible if shopping mall owners and leasing managers work together. "We need to show brands that we offer the potential for each to open 15 to 40 stores over the next three to five years in the country."

Import duties posing problems

Scale isn't the only challenge that international retailers face when entering the South African market. South African import duties, especially on fashion, are posing problems for international retailers, although they appear to be working through this.

"These 'double duties' have reduced South Africa's attractiveness as an entry point and springboard for retailers into African markets," noted Stops. "This means that multinational retailers are now more likely to deal with each African country separately, rather than taking a regional approach."

Right now, South Africa's biggest competition for attracting international brands is China. Many US, UK and European brands feel that China represents the best growth opportunity, yet Africa is still on their radar and several retailers expressed interest in attending Africa's largest retail gathering, the annual SACSC Congress in Durban, later this year.

"We'll certainly extend an enthusiastic invitation for these, and other international retailers to join us at the SACSC Congress at the end of September," said Stops. "A growing retailer pool in South Africa supports our consumers, our malls and our economy and helps drive our retail sector forward."

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