

Retailers rue costs of power outages

Two of SA's largest retailers yesterday offered a measure of consumers' financial health and the economy when they posted mixed-sales growth, indicating a squeeze on household spending, writes Zeenat Moorad...



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Woolworths' well-heeled customers largely insulated the retailer from a slowdown in consumer spending. However Massmart, whose four divisions target a broader range of consumers, saw strong growth at Makro and Builders Warehouse but Game was under pressure.

"Load shedding and its associated costs are really hurting the economy - we're just going through a normal defensive cycle, where inflation and interest goes up and things get tough - the problem is that the body, the engine room is being hurt," said Massmart CEO Guy Hayward.

"It's the worst I've seen (the economy) in 15 years."

Most retailers have generators, inverters or batteries but the drop in foot traffic at malls where other stores may not have emergency power, put a damper on sales.

Woolworths CEO Ian Moir also lamented the negative effect of load shedding.

Gross domestic product contracted in the second quarter, so it will be difficult for SA to achieve even 1% growth this year, says Wayne McCurrie, Momentum portfolio manager.

Source: Business Day

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