

Leroy Merlin ploughs over R1bn into SA business

If all goes according to plan, French home improvement retailer Leroy Merlin, which opened its first South African store in September last year, will have invested R1bn into its SA operations by the start of 2020. The company is opening its second store in Little Falls at the end of August 2019 - the second store in a pipeline that will deliver a total of four stores by 2020.

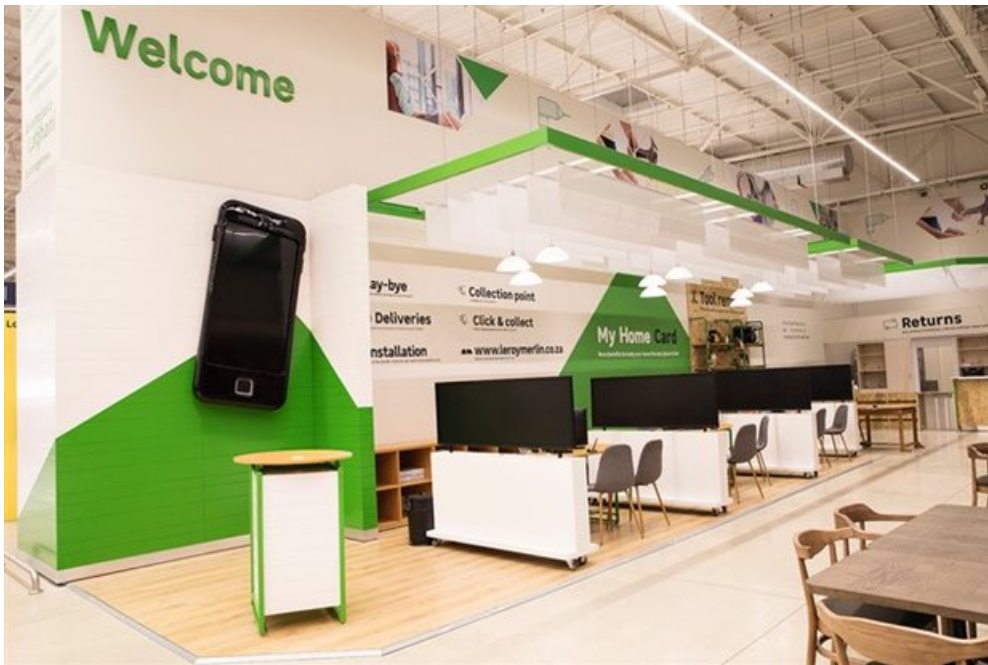


Following the opening of the Little Falls store will be Boksburg in Ekurhuleni and Fourways in Johannesburg, billed to open by 2020. "The total projected investment in the South African economy, with this pipeline alone, will be R1 billion," states the company in a statement.

Beyond 2020, the pipeline will see the brand spread to other provinces.

"In our approach to investment, we considered geopolitical stability, currency resilience, banking system maturity, potential of market-share growth, infrastructure development, supply chain and internet connectivity. And a holistic analysis of South Africa was encouraging for us to set up shop here. We have done well with our one store in Greenstone in Ekurhuleni, which is why our pipeline will be growing over the next couple of years," said Leroy Merlin South Africa CEO, Cédric Sennepin.

"After the investment consideration, before going to market we went on a really in-depth exercise of listening to the market. Our discovery of South Africa's passion for their homes could not have been completely captured in presentations from consulting firms, and the like. We solicited invites into over 600 ordinary South Africans' homes and we talked to people face to face about their plans and aspirations around their homes, and in those chats, we found the gap and found our niche," he added..



Alleviating unemployment

The company projects to be employing close to 800 people by the end of 2020. Six-hundred will be employed directly while 200 will be indirectly through partnerships and facilities management. This is crucial for the South African economy where unemployment sits at 29% and youth unemployment is at 52%.

Speaking of unemployment, Sennepin said, “Currently, our inventory sourcing is both local and global. What would be ideal for us is to help build a solid manufacturing sector for hardware retail. We have great experience from our vast footprint in Europe, and we believe that the South African economy is not only well poised to house these supply chain considerations, but will greatly benefit from them. The employment that comes from manufacturing industries will definitely shift the needle in the unemployment numbers.”



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The retailer has also been investing in the community, partnering with Kandua, a digital marketplace for recommended contractors, to support existing small to medium-sized enterprises in building and construction. Some of the contractors the brand has worked with to the point of listing on Kandua are the informal contractors who ordinarily sit outside of hardware stores. They have developed into fully-fledged entrepreneurs that can compete in the formal sector.

There's also a DIY workshop at stores where members of the surrounding community can commune around making, and learning to repair with the guidance of an expert.

“Our approach to investment is holistic, and touches on all aspects of community, from the formal economy right through to empowering people to do their own handy work in their homes. It’s the kind of attention an economy like South Africa deserves,” concluded Sennepin.

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