

TFG's sales growth slows in Christmas quarter due to soft Black Friday

By Nqobile Dlodla

29 Jan 2024

South African fashion retailer TFG on recently reported slower sales growth in its third quarter, hurt by a softer Black Friday, power cuts, and delays at ports that have affected supplies for the industry.



Source: Reuters/Siphiwe Sibeko

TFG, owner of the Foschini and Markham clothing stores, said the Black Friday discount event in South Africa was generally soft, with higher levels of power cuts over that weekend.

"Consumers remain under pressure, with higher inflation and interest rates adversely impacting sales," the retailer added.

Despite the challenging economic context at home, festive season trade delivered "pleasing" results, with core merchandise categories achieving strong growth in December, it said.

Group turnover for the quarter ended 30 December 2023 rose 4.5% from the same quarter in 2022 when sales jumped 17.3%. For the nine-months ended 30 December 2023, turnover was up 9%, a slowdown from growth of 20.8% in 2022.

The company's Africa business grew retail turnover by 5.1% in the quarter, with like-for-like turnover growth of 0.7%. Performance in its London and Australia businesses normalised after demand built up during the Covid-19 pandemic. These businesses saw sales declines of 3% and 7.3% respectively.

Although retailers have been moving production closer to home, they still rely on overseas markets for some products such as fabrics.

South African state-owned logistics company Transnet has said backlogs at the Port of Durban and congestion at Richards Bay were due to factors including adverse weather and under-investment in equipment and maintenance.

TFG said the impact of import delays was offset to an extent by the ability to increase volumes from its local manufacturing hubs.

Its fashion rival Woolworths also reported a slowdown in half-year sales growth and flagged a lower profit as shoppers spent less.

ABOUT THE AUTHOR

Reporting by Nqobile Dladla; Editing by Mark Potter

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