

Dis-chem plans franchises

By Adele Shevel

23 Jun 2008

Family-business retailer intends to list on JSE.

Dis-Chem, South Africa's largest privately owned retailer, is planning to franchise stores for the first time in its 30-year history and is considering listing on the JSE.

The group has remained independent despite advances over the years from large retail chains such as Pick n Pay and Clicks. Ivan Saltzman, who started the chain that now sells more than R4-billion of goods a year at 34 stores, and that employs more than 3800 people, has retained the majority share-holding, together with his wife.

Son Saul heads imports and another son, a lawyer, is involved when the need arises with legal work and property contracts.

Saltzman said the industry is at its most challenging ever. Price controls on prescriptions mean pharmacies' margins are under a lot of pressure.

Dis-Chem and competitor Clicks dominate the prescription market, which brings extra traffic to the stores.

Saltzman said franchising would enable the group to grow quicker and open in small towns, and give it a national footprint and therefore greater negotiating power. Franchising would also provide an opportunity for pharmacists to take a stake in the business.

There is a shortage of pharmacists because pharmacy schools are attracting fewer students. Other challenges are that the use of generic medicines has shot up dramatically, inflation for pharmaceuticals is almost negligible because of price control, and the public is more aware of buying options because of the Internet.

Establishing a Dis-Chem superstore requires an investment of about R10-million.

Prospective franchisees could be either pharmacists or retailers. The franchisee will own up to 49 percent of the store and Dis-Chem the other 51 percent.

Source: *The Times*

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