

# Clicks puts its game face on to take on challenging trading environment

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26 Oct 2017

Retail group Clicks provided some backing for the "lipstick index" theory in its results released on Thursday morning.



Image credit: Keara Edwards via *Business Live*

Clicks grew its total revenue by 11% to R28.3bn and its after-tax profit by 16.8% to R1.3bn for the year to end-August. It declared a final dividend of R2.34, taking the total for the year to R3.22, an 18.4% increase in the prior year.

"The core health and beauty markets in which the group operates are defensive and have proven to be relatively resilient in challenging trading conditions. The group's market-leading brands are well positioned in this environment," CEO David Kneale said in the results statement.

By describing "health and beauty" as a defensive retail market, Kneale echoed the theory of Estee Lauder chairman Leonard Lauder that sales of lipstick and other cosmetics are inversely correlated to economic health.

Besides its flagship Clicks stores, the group is the Southern African franchisee of UK cosmetics chain The Body Shop and also GNC and Claire's. These health and beauty focused brands grew their sales by 14.7%, partly thanks to an aggressive roll-out of new stores.



## Clicks Clubcard takes the lead in loyalty

13 Oct 2017



Clicks opened 111 stores, including 80 through the outsourcing agreement with the Netcare Group, and expanded the store footprint to 622. Its pharmacy network was increased to 473 as a net 73 pharmacies were opened.

Kneale said a record capital investment of R680m was planned for the 2018 financial year. This includes the opening of 25-30 new Clicks stores and 30-35 new pharmacies.

Clicks ClubCard increased active membership to 7-million, with the loyalty programme accounting for 77.4% of sales in Clicks. Its wholesale subsidiary UPD grew turnover 12.1%, partly thanks to the government allowing medicine price increases.

*Source: BDpro*

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