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■ RETAIL

# Australia is the darling of TFG, says the group's chief executive

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ANTHONY Thunström, the chief executive of JSE-retailer The Foschini Group (TFG), believes the group has cracked the Australian market by forming solid partnerships and the country was now a sweet spot for the group.

Thunström said yesterday that Australia was one of the few economies that had continued to grow and was sitting with only a 5 percent unemployment rate. "Australian retail is doing well at the moment. If you had to ask which is the most exciting place to be, it would have to be Australia and New Zealand," said Thunström, adding that the group was hoping for double-digit growth in the regions.

TFG Australia accounts for 11 percent of revenue, TFG London accounts for 18.7 percent and TFG Africa accounts for 70.3 percent, according to the TFG 2018 annual report.

"We don't see Australia as being a difficult place to trade. I think we have seen a number of South African companies failing in Australia, because the cost of doing business is high," he said.

"We do not sit in Cape Town and decide what Australians want. We buy businesses with great local management teams. If we went to Australia or the UK and tried to run the business



FOSCHINI store in Sandton City, Gauteng. | LEON NICHOLAS African News Agency (ANA)

ourselves, we would end up in tears. There are too many local nuances," he said. Two years ago TFG entered the Australian market when it acquired

leading speciality menswear retailer Retail Apparel Group.

TFG rival Woolworths wrote down the value of its Australian depart-

ment-store chain David Jones for a second time last month as the group's fingers continued to be burnt due to its ill-fated expansion.

TFG, however, said consumers were feeling the pinch in the UK where uncertainty stemming from Brexit had slowed the economy and negatively impacted consumer confidence.

"They (consumers) literally avoid shopping," said Thunström.

He said the group was confident its strategy of investing in technology and offering customers quality products would help it weather the unravelling tough global and domestic economic environment.

"Disposable income is under pressure due to inflationary increases in electricity and petrol. The average consumer is worse off than a year ago. I do not think there is an easy outlook. It boils down to strategy, including digital transformation," said Thunström.

TFG said this year it would inject R500 million in technology over the next three years to adapt to the changing landscape of apparel retail, where online shopping has put pressure on brick and mortar.

TFG in May said it was reaping the fruits of its aggressive online strategy and turnover had grown 57.2 percent in the year to March.

Group turnover soared by almost 20 percent to R34.1 billion, signalling that the retailer was defying the stubborn economic environment that has constrained consumers.