CFAO taps five French retail brands for its African mall push

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PARIS, France - Africa-focused trading firm CFAO has signed up five French brands, including soap-and-perfume retailer L'Occitane, to open stores in shopping malls which it will operate across the continent, tapping booming consumer demand.

The retailers -- which also include toy seller La Grande Recre, fashion brands Cache Cache, Bonobo and Kaporal -- will have shops in the first shopping centre that CFAO plans to open in Abidjan, Ivory Coast in the second half of 2015.

The mall comes under a broader partnership deal signed last year by CFAO with Carrefour, the world's second-largest retailer.

Rising incomes and an underdeveloped retail sector have made Africa an important new growth destination for retailers and consumer goods companies, with the likes of Danone, Pernod Ricard and Diageo boosting investments in the region to counter weak growth in Europe.

CFAO, a subsidiary of Toyota Tsusho, the Toyota Group trading arm, is Africa's biggest supplier of cars, trucks and pharmaceuticals.

In May 2013 Carrefour and CFAO formed a joint venture to develop stores in Cameroon, Congo, Ivory Coast, the Democratic Republic of the Congo, Gabon, Ghana, Nigeria and Senegal. CFAO owns 55 percent of the venture, with Carrefour owning the rest.

CFAO has said it aims to generate about 1 billion euros in revenue a year in 10 years from the link-up and from revenue generated by malls it plans to build. It eventually hopes to include 20 brands in its stable, with outlets in its shopping centres in the eight African countries targeted under the Carrefour deal.

"CFAO acts as a catalyst for the development of international brands in Africa and as a springboard for brands that view the continent as a real growth lever," Xavier Desjobert, Chief Executive of CFAO Retail, said.

Africa's prospects for retailers were highlighted in 2011, when U.S. giant Wal-Mart bought a majority stake in South Africa's Massmart, gaining a foothold in several frontier markets.

Though African per capita incomes are among the lowest in the world, a decade of robust growth and rapid population expansion have attracted international investor attention.

According to research firm McKinsey & Company, the number of African households with discretionary income is projected to rise by 50 percent over the next 10 years, reaching 128 million.