

Big Jump, No Slump For Crusaders

Amidst the throes of last year's recession, Africa's largest second-hand dealer recorded sales growth of over 27 percent in this current financial year.

"And we'll continue to see growth," predicts Cash Crusaders CEO Sean Stegmann, who bases his confidence on increasing value-consciousness amongst cash-strapped consumers.

Stegmann also expects that twelve to fifteen franchised dealers will join them during the next twelve months.

"It's the right kind of business to be in - particularly now, but also in the future. Cash is king. Credit has fallen by the wayside.

After the National Credit Agency made consumers aware of the total cost of credit, consumers are opting to pay cash (even though Cash Crusaders offers consumers the option of purchasing on credit. Cash Crusaders also offers access to secured loans.)

"Consumers are also prepared to forego big name brands for less expensive quality products or to buy second-hand," proclaims Stegmann, who heads up the franchise that started with a single Cape Town store in the mid nineties.

Today, thirteen years later, the group consists of 137 retail stores.

The combination of tighter lending practices by financial institutions, loyal customers and the group's private label new goods brands, Dixon, Amber and Sanchez to supplement their offering of good quality second hand items fits Cash Crusaders like a glove.

The directly imported new goods under the private label brands covers home theatre, DIY, DJ, car audio, musical instruments and household appliances and has grown into

a strong competitor for the other profit centres in the Crusaders' business model, namely second-hand goods and buy-backs. A new addition to the second-hand division is game trading.

"Underlying our success was a reliance on a cash-driven business during the 'good times', due to limited consumer credit offerings. It's kept us recession proof when the credit crunch hit home. It's our intention to raise the profile of credit in the future, as banks lending becomes more favourable."

Other businesses had other ideas that did not stand the test of time, leave alone prosper as Cash Crusaders did.

"Prior to the National Credit Act retailers were dishing out store cards to anybody who cared to take one. While they were booming above 20%, we were growing modestly at 10%.

As the recession began to bite, however, we noticed an increase in the second-hand side of our business, as well as in buy-backs.

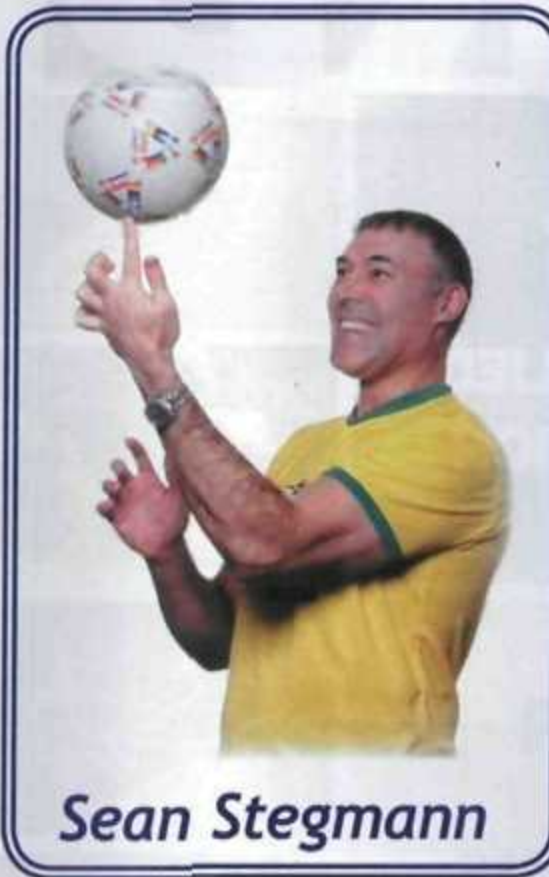
New goods were initially held back by Rand inflation, which pushed price points up by as much as 30 percent.

But while twelve months ago we showed minus 2 percent growth for new goods, the current rate is above 20 percent.

"I think few other businesses are looking at the future with more optimism than ours." Stegmann insists that his company will endeavour to buy second hand goods at relatively high prices in times when some households get rid of assets to realign their priorities.

"One must also heed the fact that the market for second hand goods remains competitive. If you can't pay someone what he feels an item is worth, he may find another channel."

For more information about Cash Crusaders visit www.cashcrusaders.co.za or contact their head office on 021 709 0495.



Sean Stegmann

HARDWARE RETAILER

