



Second-hand goods help to beat the trend

WITH 138 franchises nationwide as well as in Botswana and Namibia, Cash Crusaders - Africa's largest second-hand dealer - recorded sales growth of more than 27% in its current financial year and is continuing to grow at a cracking pace.

With 13 years of success behind the concept, CEO Sean Stegmann plans to grow the network by another 12 to 15 stores this year after having signed up eight in the past few months alone.

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

"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," says Stegmann, who heads up the franchise that started with a single Cape Town store in the mid nineties.

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 appli-

ances 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."

"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."

The company's range of quality second-hand items enables a vibrant exchange and valuable flow of guaranteed used goods from consumer to consumer in an efficient, regulated and reliable environment.

The cost of buying a Cash Crusaders franchise is currently set at R1,2-million which includes everything from fixtures and fitting to about R300 000 worth of stock. "We do the whole setup so that the franchisee can virtually open the doors on Day One. Until then there's a huge amount of training and guidance from the Cash Crusaders team who are always on tap to advise franchisees when necessary," he says.