

FOREWORD

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2018 is nearing its end and it would seem that the economic turmoil the past years have not abated yet. If anything the turmoil in retail has continued and more and more retailers are having to take drastic measures to reduce cost and to protect themselves from bankruptcy.

In the USA President Trump has, in spite of severe media and political attacks succeeded in making a number of positive changes which have seen the American economy showing encouraging signs of improvement. Unemployment is down, and the stock markets have shown an overall upwards momentum during the year. The one major concern however is to predict how the trade war with China will play out. This war has already impacted on the world stock markets and investors are wary of what will happen in the near future.

According to Business insider many major retailers are closing or have closed down stores in 2018 and this has had a profound effect on employment and retail confidence. The major closures are Toys “R” Us closing 735 stores, Walgreens (600), Ann Taylor, Loft and Dress Barn (500), Best Buy (250), Mattress Firm (200), and Gap (200). Together a few thousand stores were closed due to the economic climate. On the other hand it may also be that it is not all negative and it affords companies to consolidate and place their businesses on a more sound footing for the challenges that lie ahead.

South Africa recently hosted an investment conference in Sandton and according to news reports more than R290 billion of investment was pledged by investors over the next 5 years. Obviously these investments will depend on steps taken by government to stabilize the economy and to rid government of state capture. This is a long term process and if strong action is not taken then it can be expected that these pledges will not materialize. Unemployment is still high in South Africa and the Rand weakened against the dollar due to the stronger economic outlook in the USA and the weaker economic outlook in South Africa- 0,7% growth expected for 2018!.

It will be interesting to see how the retail and business landscape will look in 2019 and it can only be hoped that the world economy will show renewed momentum and that this will filter down to third world economies such as South Africa.