

The market nods to Falabella's departure from Argentina

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8 Apr 2021

The Chilean fashion retail group Falabella has confirmed that it will close the doors of all its physical establishments in Argentina, a country that has been key in its expansion in the Latin American market. Industry experts approve the move, key in Falabella's omni-channel strategy.

Last September, the Chilean parent group announced that it would begin to reduce Falabella's presence in Argentina, starting by putting up for sale some of the most emblematic establishments in the country. Months later, Falabella explained through a press release that, given the lack of buyers, and "In the context of the plan that Falabella is carrying out to make its operation in Argentina sustainable, the company will close the department stores located in Rosario, the Unicenter shopping mall and in the Florida pedestrian street in the City of Buenos Aires."

The company indicates that, "as in previous cases, this process includes a voluntary retirement plan for all store employees who will cease their activities." Although the official number of people employed by the retailer in the country to date is unknown, it is estimated that some 500 people will lose their jobs and that only a small group of workers will continue on the staff to manage the online sale to liquidate the remainder product stock.

High prices and difficulty in importing high-end products

In recent months, the Chilean family Solaris, which owns the fashion chain, has been looking for a buyer for its business in Argentina. Their plan was to find a partner to take over the brand and the commercial network and to keep them a stake in the shareholding of the Argentine branch.

Part of this strategy involved recovering from the ravages caused by the coronavirus pandemic, as well as returning to the importation of high-end products, the company's main business at the regional level. However, the low interest of potential buyers, combined with the uncertainty regarding the state import policy and the shadow of past experiences with the union that defends the interests of the majority of the firm's workers (and that made it difficult to a large extent the purchase of Wall Mart in the country) have ended the few signs of interest received. Thus, the sector estimates that in a matter of two months the last three Falabella Argentine's stores will be closed permanently, although electronic commerce operations will continue.

The market approves of Falabella's plan

In fact, sources close to the company cited by the local press add, the group that owns Falabella manages an investment plan of around 800 million dollars which focus will fall on reinforcing a multi-channel strategy with a marked prominence in sales. on-line.

The market welcomed the movement, according to several analysts who follow the value, cited by Infobae. It should be noted that the weight of the Argentine business in the group's income is barely 3 percent of the total turnover generated in the region. On the other hand, add the same sources, the macroeconomic prospects for the country do not promise a near rebound in the economy or the national currency.

Falabella operates in Chile, Brazil, Peru and Colombia, in addition to Argentina so far. The Chilean fashion chain landed in the neighboring country in the 90s and had 10 stores in the Argentine market: three in the Federal Capital, three in the province of Buenos Aires and four in the interior, in Córdoba, Mendoza, Rosario and San Juan. Image: Falabella, Rosario, Argentina. Credits: Pablo Flores, Wikimedia Commons.