

Fresh produce outlet comes to fruition



Fresh produce was the starting point for Up-to-Date's entry into the world of wholesale retailing. The store built its reputation on the quality of its fruit and vegetables and this category is still very prominent in the business.



The outside of the store features clear and visible branding.

BY LINDA WILKINS

The small, but prosperous town of Vredendal, situated between the northern Olifants River Valley and the southern Namaqualand districts, is known for more than its wild flowers. Up-to-Date Powertrade, Gustav and Rene Lutz's fresh produce wholesale outlet opened in 1995 has now blossomed into a hybrid store that services customers up to 300km away.

Small beginnings

Vredendal, home to some 14 000 people, is the administrative and commercial centre for the surrounding area and agriculture –

Up-to-Date Powertrade grows into a hybrid store

aided by the Olifants River Irrigation Scheme – is practiced on an extensive scale in this semi-arid region, which includes the nearby farming community of Lutzville, some 27 kilometres from Vredendal.

Lutzville is also home to local farmers, Gustav and Rene Lutz, farmers and producers of first grade fruit and vegetables. Their first foray into retailing came when they opened a fresh produce wholesale outlet in Vredendal in 1995, aimed at selling surplus stock from their farm. They named the store after their farm and quickly grew both sales and their reputation in the town.

Expanding the business

With Up-to-Date's fresh produce proving to be a hit, Gustav and Rene decided it was time to set their sights higher and consequently added dry groceries to their range. This also achieved good sales and pretty soon the store was too small for the growing business. However, the ratio of fresh produce to dry groceries was still 80:20 and Gustav needed to find a way forward.

It was at this point that he was approached by buying group Unitrade Management Services (UMS), with a view to joining the company as a member. ▶



Constant checking of stock keeps shrinkage and out-of-stocks at bay.

STOREWATCH ►

"After some initial discussions, we realised that there was a significant benefit for us to become part of UMS, not only in terms of pricing, but for the other services that they offer to their members. Consequently, we took the decision in October 2009 to join UMS, move into bigger premises and to incorporate the UMS Powertrade brand into our store. We went from 280m² to 1400m² and also did a total revamp in terms of our offer," says Gustav.

Building on a reputation

With their reputation as fresh produce specialists firmly intact, Gustav and Rene had a strong basis upon which to expand, which tied in Unitrade's mission of assisting the Lutz's to build their business. Consequently, Up-to-Date Powertrade increased its range of dry groceries and also added a bakery, a takeaway and a franchised frozen chicken products offer called *Kekkel and Kraai*. Meanwhile, the fresh produce department, which is run by Rene, was given a facelift with wood merchandising boxes that show off the produce to its best advantage and also keep the area neat and tidy. This category yields good margins for the business and still has prominence in the store layout, as is evidenced by its merchandising near the store's entrance. During winter, however, some of the fresh produce space is utilised for dry groceries, as sales of fresh produce drop off during the colder months.

The store also features a kiosk that sells cigarettes, airtime and other items.

These additions have taken the store into a new era and brought many new feet through the doors.

The benefits of branding

Gustav has made exceptionally good use of branding on both the exterior and interior of the store, with posters, shelf-talkers, gondola ends, bunting, staff uniforms and shopping bags that all feature the Up-to-Date Powertrade logos and payoff lines. This creates a strong, unified feel throughout the store and offers customers a shopping experience they will want to repeat.

Branding without competitive pricing, falls short of consumer expectations,

so Gustav focuses heavily on keeping his pricing competitive. To let their shoppers know what's on offer, he employs an 'in-store DJ' with a microphone and a voice that reaches all corners of the shop.

This in-store activity is complemented by local newspaper and radio advertising, which helps to maintain and grow its customer base. Gustav also prints and distributes 2 000 leaflets to homes and small stores in the area.

Store: **Up-to-Date Powertrade**

Owners: **Gustav & Rene Lutz**

Buying group:
Unitrade Management Services

Trading area: **1 400m²**

Staff complement: **40**

Checkouts: **12**

ATMs: **2**

A hybrid model for a selection of customers

Up-to-Date Powertrade has emerged as a retail/wholesale hybrid model store, with a mix of traders and public consumers buying single and bulk items. Each trader has their own account and customer number. It is evident from the selection of shoppers in the store that the environment is as



The wood finishes at the checkouts add a touch of style and elegance to the store.



The store features wide aisles that enable shoppers to easily move around, even when the store is very full.



Fermino Gomes, executive general manager for Unitrade Management Services, together with Gustav Lutz, owner of Up-to-Date Powertrade in Vredendal.

comfortable for 'Mrs Housewife' as it is for the traders. Gustav offers his trader clientele a cash incentive when they buy over a certain value each month, while end consumers are able to purchase smaller quantities using basket trolleys or hand baskets.

The store captures customers from as far afield as Lambert's Bay, 60kms away, while their fleet of trucks and bakkies deliver to customers up to 300kms away.

A passion for business

"This store represents our dreams come true," says Gustav, whose dedication to the business can be seen in the extreme neatness and cleanliness of the store, happy staff, full shelves and positive atmosphere. Everything is in its place, the

shelves are well merchandised and many of the store employees have been with the Lutz's since day one. In fact, some of them have come over from Up-to-Date farm, which is still part of Gustav and Rene's business portfolio. "Loyal and long-standing employees are one of the main reasons for our success" says Gustav, who grew up on his father's farm with one of the drivers who works for Up-to-Date Powertrade today.

Gustav Lutz is a highly successful businessman, yet he remains modest, down-to-earth and a real family man. He speaks about his father as a role model, who saw the business begin but passed away before he could see it come to fruition.

An inspiring store run by an inspiring couple.



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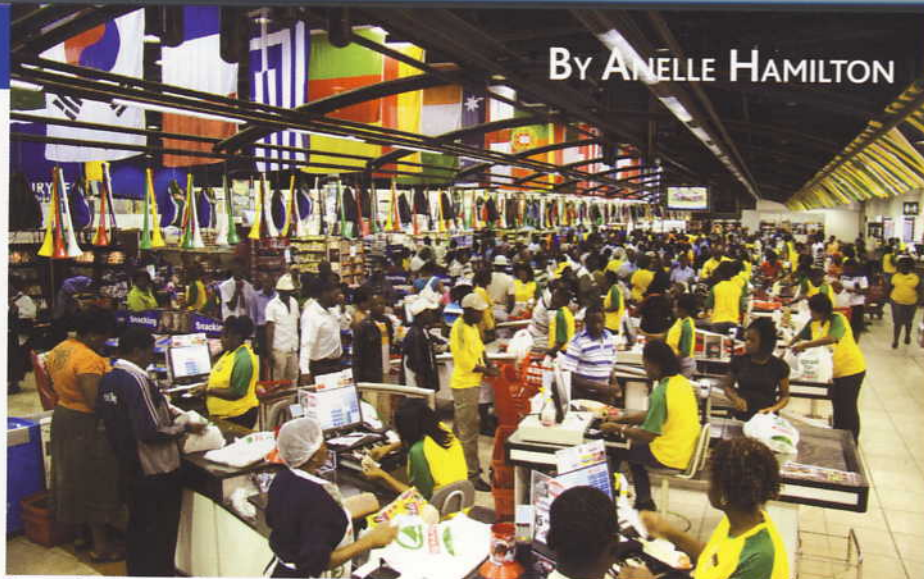
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Soccer fever at Malelane Superspar.

Did World Cup fever boost your retail sales?

**MALELANE SUPERSPAR
MPUMULANGA
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We saw a general upswing in sales over this period. However, our butchery performed very well as our customers braaied and entertained at home. We did not have an influx from tourists going to watch a game at the Mbombela stadium but the local clientele was in a spending mood and our Tops also performed very well.

**SPARGS SUPERSPAR
EASTERN CAPE
DONALD BAXTER**

Retail sales grew during the 2010 World Cup compared to the same period last year, due to additional spend by our own customer base and not by tourists. No soccer teams were based in East London and no matches played here. The fan parks were also situated on the outskirts of the city. The positive effect in sales was gained

by our loyal clients getting in on the action by entertaining friends at home, and also because of the extended school holidays.

**PICK N PAY FAMILY PLUMSTEAD
CAPE TOWN
JOHN KOTZÉ**

Turnover dipped while the matches were televised but sales increased in various departments – including snacks, bread rolls, HMR and chilled convenience foods. The event has been good for customer relations as shoppers were a lot happier, more friendly and approachable during the event. When South Africa scored customers and staff were dancing at the checkouts!

**CHECK IN
GAUTENG
JOHNNY DE FREITAS**

Sales rose significantly and the Brazilian media shopped regularly, as well as large groups of Mexican, Argentinian and Dutch supporters. Home owners in the Norwood area rented out their houses during the World Cup and these fans self-catered, which boosted meat sales. They also bought a lot of wine and chocolate.



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