

# Pick n Pay extends African footprint into Mozambique

## New store supports local suppliers and employees

The Maputo store has a comprehensive range of fresh food and non-perishables, with a niche offering of Portuguese-oriented products.

Pick n Pay opened its first store in Maputo, Mozambique on 23 June after its second store opening in Zambia in March. The opening of the new store in Mozambique is set to ensure the Group, which currently conducts retail operations in Namibia, Botswana, Zimbabwe, Lesotho, Zambia, extends its African footprint further.

### Unique offering

The store, which is approximately 3 500m<sup>2</sup> in size includes a clothing and liquor offering, a comprehensive range of fresh food, non-perishables and general merchandise. The store presents an appealing array of products to Maputo residents, which they may not have encountered before and offers substantial competition to other retailers in the Mozambican market. It also has a niche offering of Portuguese-oriented products.

### Capitalising on lucrative middle class

"We see enormous potential in Mozambique which we believe is considerably

Store: Pick n Pay

Location: Maputo, Mozambique

Size: 3 500m<sup>2</sup>

Trading area: 2 300m<sup>2</sup>

Till points: 14

Staff members: 250

### BY LISA DEWBERRY

under-penetrated in terms of the kind of retail offering we provide. The Mozambican customer base does not differ substantially from the South African market and the store primarily serves Maputo residents in all LSM brackets," says Dallas Langman, Pick n Pay's head of group enterprises. Comprehensive research and assessment has been done by Pick n Pay, which has shown good opportunities for the group to offer a high-quality offering to the Mozambique market.

According to Langman, as a consumer-facing business they are aware of the sizeable number of consumers moving up the income pyramid which causes an advance in the critically important middle

class emerging. "The African consumer's swift rise in spending power is imminent and we have already made significant inroads in our approach and level of investment in Africa to keep ahead of the curve," he says.

### Local employment opportunity

One of the main benefits to the local economy is employment and the Mozambique store has already employed 250 Mozambican citizens. This employment figure is set to increase as the company grows its store numbers in the country. "Pick n Pay is also fortunate to have local ownership in their partners which means they are able to leverage the highly experienced local market knowledge and expertise," says Langman.

The group aims to support local suppliers as much as possible. Its strategy into Africa has mainly been through partnering with locals and the franchise route, where local experts own the franchise in their own communities. They also previously signed a franchise territorial agreement with retail franchising group Retail Masters in Mozambique. This Master Franchise Agreement with Retail Masters provides them with the essential benefit of expert insights into the local market. ►



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## STOREWATCH ►



*The store presents an appealing array of products to Maputo residents, including a clothing and liquor offering and general merchandise.*

### Local suppliers integral to business

Finding local suppliers and entrepreneurs requires determination and effort but it is absolutely instrumental to their model. There are however, instances such as with its stores in Zambia, where the company will develop corporate-owned stores. It is their intention to ensure that local farmers and suppliers are supported by Pick n Pay to stimulate and assist economic growth in Mozambique.

"Business in Africa does have its challenges, particularly in the integrity of the supply chain, but its rewards are no less considerable. Our values of 'doing good is good business' applies in every country we operate in," says Langman. He says the group believes the most significant opportunities lie in the SADC region where they have gained considerable experience in recent years. The Southern African region presents an increasingly attractive market for them and as disposable incomes in the rest of Africa grow, they feel the region's retail potential remains largely untapped.

### Agriculture project to give back to community

Pick n Pay has also spread its influence by setting an example of social and economic excellence firmly embedded in a framework of ethical corporate governance. They have already engaged on an agriculture project in Mozambique with the potential of not only supplying product to the local market, but also to South Africa. Logistically they are using experts who deal with transportation and supply issues into Africa and currently supply for them into Zambia.

### Rapid African roll-out

Last year, Pick n Pay announced the purchase of a further 24% of Zimbabwean operation TM Supermarkets, increasing its shareholding to 49%. The company is actively seeking further opportunities and envisages opening five more stores in Zambia over the next four years. In 2012, they plan to open two stores in Mozambique, two stores in Mauritius, two stores in Zambia and one in Malawi. "We believe that in the long term Africa's best chance for prosperity will not be derived from foreign aid but rather from private investment and enterprise. We are set to continue along this expansion path in a planned and deliberate way," says Langman.



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