



## Pick n Pay's Alexandra stronghold

*Basket size may be small but the number of commuters from the taxi rank overhead coming into the store for top-up groceries and meals on the go certainly makes for an impressive turnover.*

## Thanks to commuter traffic and community investment

### BY LAURA DURHAM

The management team at Pick n Pay Alexjunction Family in Pan Africa Shopping Centre has created a convenient and quality shopping experience for the community of Alexandra, as well as thousands of commuters passing through the taxi hub. Most importantly, they've been shown to care for the community – a spirit of Ubuntu that the 10 000+ feet per day appreciate.

#### Commuter customer base

Pan Africa Shopping Centre (or PAN) in Alexandra, Johannesburg, is South Africa's first fully integrated shopping mall and taxi facility. As part of the Presidential Alexandra Renewal Project (first conceptualised by former president, Nelson Mandela), the 16 000m<sup>2</sup> shopping centre was built with commuters in mind – combining a space for taxis, formal retail shops and incorporating the traditional hawker

Store: Pick n Pay  
Alexjunction Family

Location: Pan African  
Shopping Centre, Alexandra,  
Johannesburg

Trading area: 3 200m<sup>2</sup>

Opening hours: 7am–8pm

Staff complement: 129  
(29 are casual)

Feet count: 10 000 per day

Turnover: R13.2 million,  
excl VAT last month

market. Situated on the corners of 3rd Avenue and Watt Street, PAN acts as the gateway to the bustling and densely populated area of Alexandra, the business hub of Sandton and the industrial area of Wynberg.

PAN manager, Bandile Nyembe says the shopping centre has been extremely successful as it is one of the only centres in Johannesburg to successfully work hand in

hand with a taxi rank. "PAN is busier than Sandton City. We have a minimum of 2 500 taxis – each with 16 passengers – going through here each day," he says.

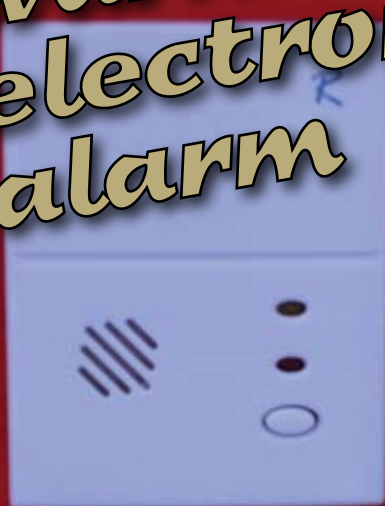
And these commuters are buying their top-up purchases and meals on the go at Pick n Pay.

"If you're not driving, you're taking a taxi – and you have to change your taxi here at PAN," explains store manager and one of the partners, Oliver Phaahla. "So its convenient to buy your groceries from our store," he adds.

#### A franchise opportunity

The Pick n Pay Family store opened for business in May 2009 after the four partners – Oliver Phaahla, Gugu Ndlovu, Neria Ndlovu and Tshepo Ndlovu – got together and strategised how to get top class retail into the township. Tshepo Ndlovu says he has always wanted to own a Pick n Pay Family store and after a number of years as a liquor salesman, business developer and owning his own corporate biscuit supply company, the opportunity finally arose. Phaahla had just graduated from the Pick n Pay Franchise ▶

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## STOREWATCH ►

Academy at the University of Johannesburg so the combination of Ndlovu's business savvy and Phaahla's knowledge of the Pick n Pay operations was the beginning of a great partnership – and a profitable store.

"We're extremely appreciative of Pick n Pay's support to franchisees, as well as Raymond Ackerman's initial vision of wanting entrepreneurs to become real business people," says Ndlovu.



The store has an extensive Bulk Packs section to cater for the market where customers share groceries amongst their extended family. It also allows more stock to be on the floor instead of taking up room in the back-end.



Incentives and celebrations also help to get buy-in from staff and management is quick to reward for a job well done. Pictured from left to right: Oliver Phaahla, Neria Ndlovu and Tshepo Ndlovu.

## Building businesses around the store

Enshrined in the partners' business plan is the ability to give back to the community. "Not necessarily as hand outs but further investment to capacitate them," says Ndlovu. They are currently involved in 18 community projects in Alex.

One success story is Chris Pienaar and his business, Straight to the Door. He came to the partners with a business plan to deliver bread to spazas, homes and schools across Alex. The store now supplies him with freshly baked bread at a discounted rate and he is collecting twice a day, at 5am and 3.30pm to keep up. He has also started supplying fresh produce to one school for its feeding scheme and Pick n Pay also supplies him at a discounted rate.

Management, in partnership ABI, which distributes Coca-Cola products, supplies the hawkers upstairs with cold beverages to resell. ABI also provided each hawker with portable fridges.

As part of its community investment, the store also provides foodstuffs, nappies (adults and babies), wet wipes and toiletries to various homes in Alex.

They are also in partnership with the Gauteng Department of Education and each year, they give the 10 top matriculants in the area a start up fund of R5 000 – on condition that they have registered with a tertiary institution. They do not give them cash, but rather buy what they need for their schooling, such as laptops. In 2010, the store spent R60 000 on this drive.

### Buying in bulk

Uncharacteristic of other Pick n Pay stores, the Alex store has a large section dedicated to bulk goods. This has been done specially to cater for the market where “everyone shares groceries amongst their extended family,” explains Phaahla. In addition, this display technique saves space in the back-end, as merchandisers are able to put as much stock on the floor as possible.

At first the bulk aisle seems a little disorganised –with displays of maize meal, Kellogg’s Cornflakes, boxes of glasses and feminine hygiene products – but Phaahla explains: “Firstly, it relates to the wholesale mindset of customers as this was their traditional shopping channel. In addition, this layout influences impulse sales as customers don’t have to go to the primary spot (actual department) in-store but can find all they might need in one area.”

The displays of glasses – in single or box format – are also placed near the wine department for customers’ convenience.

### Unexpected ranges

Each category has been rationalised to suit the LSM 3-7 customer base. Wine, for example, is limited to sweet rosé, natural sweet and sparkling white, because that is the taste palate of the township. “But we do also have Pongracz to cater for the higher LSM customers who shop in the store,” says Phaahla.

The pet food range is also small, as township pet owners tend to feed their pets with leftovers rather than tinned food.

Like any store, Pick n Pay Family Alex allocates shelf and fridge space according



*Bakery staff are kept busy trying to keep up with the daily demand for 4 000 loaves of house bread. They also make a range of confectionery and small cakes fresh on-site.*

to the rate of sale, making it easy to spot the top sellers. 55% of the cold beverage fridges is dedicated to Coca-Cola and Cadbury slabs take up 75% of the chocolate section in the sweets aisle.

Phaahla explains that in this market, customers don’t want to try new things and will buy leading brands that have been around for years. Their brand loyalty stems from tradition (buying what their mothers have always bought) and not being able to afford the risk of trying a new brand.

Phaahla says the top three sellers in the store are: #1 IQF 2kg No Name Chicken, #2 Coke 2 litre, and #2 house bread.

### Booming bakery and butchery

Bakery staff can barely keep up with the demand for house bread and queues can get to 30-people long as they wait for the new batch to come out of the oven. For R5.99 (white) and R4.99 (brown), it is easy to see why. According to Phaahla, the in-store bakery produces up to 4 000 loaves per day – with night shifts to supplement the demand as well. The store’s cakes and confectionery do very well and the store has to order from Pick n Pay’s support bakery to keep up with the demand on weekends. “Every weekend in Alex is full of parties, social club gatherings, church ▶



*The fresh produce department is doing surprisingly well considering the number of fruit and vegetable hawkers positioned outside the mall.*

## STOREWATCH ▶

meetings, weddings and funerals," he explains, "you can't even move in the store in weekends". The store also makes a selection of small cakes, which retail for R19.99, to cater for customers wanting to indulge but without the finances to do so. Black Forest slice is the most popular bakery item in the store.

"We're catering for everyone here. No customer must leave our store without getting what they want," says Phaahla.

The butchery offers customers exactly what they want at the bulk display counter. The most popular choices are stewing beef, boerewors and lip meat but there are also cow hooves, chicken feet and Maasbanker (fish popular with Mozambicans) to satisfy all tastes. Phaahla says that their customers prefer ordering from the counter as opposed to buying prepacked because they can see the meat being handled and be assured that they are not being cheated by the price.

### Hot food to go

With all customers being price sensitive, the store has created a hot foods department that offers value-for-money, wholesome meals. The daily specials include Meal to Go, which is two pieces of fried chicken and chips (R16.99) and Meal of the Day, a choice of starch (pap, rice, samp etc.), relish and a choice of one veg for just R21.99.

Phaahla says this department does extremely well despite there being a host of takeaway outlets in the mall. Convenience plays a strong part in this as commuters can do their shopping and grab



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a meal on-the-go as they head upstairs to catch their taxi to work or home. In addition, the store opens at 7am to catch the commuter trade, which is at least an hour earlier than any of the store's competitors in the area.

### Fresh produce in-store and out

The store's fresh produce department is doing extremely well, much to management's surprise, as they were expecting low volumes because of the hawkers selling fruit and vegetables outside PAN. The store has therefore differentiated itself from hawkers by buying a select range of quality products. "Our aim is not to take business away from the hawkers so

we have also made an agreement to supply them with produce," says Phaahla.

### A family of staff

Staff training is an important aspect to the store's success and aside from regular training from Pick n Pay franchise division, the store also conducts in-house training and team building exercises. "It is important that all staff share our vision, know our strategy and understand the role they play in the store," says head of training, development and HR, Neria Ndlovu.

She says that growing each staff member's potential is a focus. Some staff members are about to graduate from an intense four-week management training session – "and they started from the bottom in terms of rank in the store's organogram, and grew themselves in performance, leadership, attitude and work orientation to work and are being fully skilled as managers through the programme".

The in-store marketing team has also grown out of a group of shelf packers. They now create promotions, tastings and displays to add excitement to the store.

Incentives and celebrations also help to get buy-in from staff and management is quick to reward for a job well done. The end of 2009-2010 financial year target was met, for example, so the staff was able to share R300 000 amongst themselves. "And if they make target at the end February 2011, they'll divide R500 000 between themselves," adds Ndlovu.

"It's about being and honest and open with each other. When you work with people, everyone becomes players. It's not a case of us and them," he says.

### Bright future

The future for the partners looks bright and they have recently taken over a second Pick n Pay Family store with new partner, Ntsiki Kotois. The 2 800m<sup>2</sup> store in Black Chain Shopping Complex next to Chris Hani Baragwaneth Hospital, Soweto is historic as the first Score to be converted to a Pick n Pay Family to be sold to a black franchisee in 2007.

Although Alex is congested with many retailers, including the likes of Shoprite, Spar, Freedom and Roots Butchery, Ndlovu maintains that their store has a sizeable chunk of the market. "It's our service and excellence that sets us apart."



*Categories are rationalised to suit the store's customer base. In the wine department, for example, sweet rosé, natural sweet and sparkling white are the most popular blends.*