

Zero to hero in Zimbabwe

Customer service sets First Street Spar and J-Way Spar apart in Harare

BY LAURA DURHAM

The Zimbabwe of two years ago – where supermarket shelves were empty and people carried around tog bags of Zimbabwean Dollars – is a distant bad memory from the bustling and fully stocked supermarkets of today. *Supermarket & Retailer* went on a visit to see how two of these stores – First Street Spar and J-Way Spar – have made a success of retail in Zimbabwe.

A solid foundation

After spending 11 years with Spar head office, Brett Pissas brings a great deal of experience and guts to his position as MD of First Street Spar and J-Way Spar. "After the 'more memorable' tough times



Permission had to be granted by the National Museums and Monuments of Zimbabwe so roll shutters could be added to the façade of the building in First Street Spar's expansion.

Store: **First Street Spar**

Location: **Harare, Zimbabwe**

Trading area: **680m²**

Opening hours: **7:30am–8pm**

Tills: **10**

Staff complement: **78**

Average basket size: **US\$4.20**

Turnover per month: **US\$620 000**

Store: **J-Way Spar**

Location: **Harare, Zimbabwe**

Trading area: **845m²**

Opening hours: **7:30am–8pm**

Tills: **15**

Staff complement: **114**

Average basket size: **US\$5.05**

Turnover per month: **US\$800 000– US\$820 000**



Fresh produce is 80% locally sourced from a number of suppliers and the stores get pre-packs from local pack houses, as well as doing value-add lines in-house.

in Zimbabwe, I decided to branch out into retail with one of the existing Spar retailers in the northern suburbs (higher income area) of Harare," he explains.

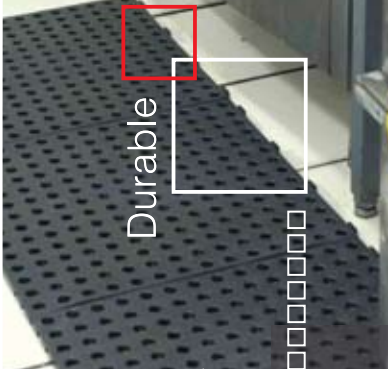
They took on an existing store on First Street, which is the main street in the Harare CBD and opened for business under the new management in April 2009. They were doing US\$128 000 in turnover per month in the 265m² and there wasn't much room for expansion. In fact, the small retail space was already at capacity with stock having to be hoisted up and down to the upstairs trading section. Also, in respect for the Muslim landlords, no pork or liquor was being sold in the store.

Leading the way

The new team therefore decided to expand elsewhere, by acquiring a site on Julius ▶



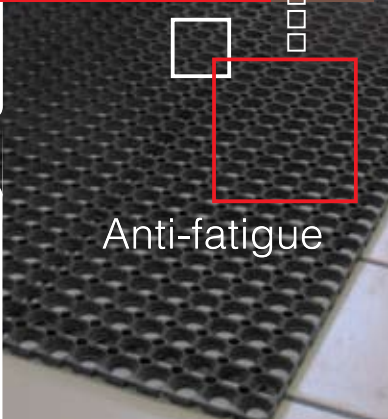
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Nyerere Way. The street's nickname is J-Way, hence the store being called J-Way Spar. This store has a trading area of 845m² plus a large storage area upstairs. Being situated in the CBD means that stock is delivered down narrow service alleys and the stock is hoisted upstairs to the storage area. "It's a logistical nightmare but we just have to deal with it and get on with business," he says.

This store was set up from scratch, complete with a full range of service departments (butchery, bakery, HMR) and groceries. Currently, the store is doing between \$800 – 820 000 in turnover per month.

After making a success out of J-Way Spar so quickly, Pissas turned his attention back to First Street Spar. By chance, they managed to locate the ground floor in the building adjacent which would increase the trading area to 680m² (from 265m²).

Getting permission for the extension was a little more complicated than usual because the original building is a declared historical building (built in 1890). Pissas therefore had to also get permission from the National Museums and Monuments of Zimbabwe to add roll shutters to the façade of the building.

"From the outside, the store looks quite small but this is deceiving because customers are actually going in to the building next door inside the store as well," laughs Pissas.

Interestingly, the extended piece of the store is half a metre lower than the original store – "so it's quite a disjointed experience," comments Pissas. But disjointed or not, the \$620 000 turnover per month that is being reported indicates that it is working.

Genuinely home made

The home meal replacement (HMR) departments in both stores do extremely



Each butchery counter services the specific customer base so there are chicken feet, livers and cow heads in J-Way (pictured) and more 'regular' cuts of meat at First Street Spar.



Being located in the CBD of Harare positions both stores well for the stream of office workers looking for a wholesome meal at lunchtime.



Everything in the HMR and bakery is made on-site and from scratch – it's not like in South Africa where you can simply bake off frozen pies and confectionery.

The two stores' HMR offerings differ in order to cater for their respective customer base. First Street's offering is made up of rice & stew, chicken & chips and sadsa nyama (pap & stew) whereas J-Way's customers prefer the more traditional fare of mopane worms and tripe

well, particularly at lunchtime when all the office workers come looking for a wholesome and delicious meal. Pissas says that between the two stores they go through over one ton of potatoes in chips each day. The two stores' HMR offerings differ in order to cater for their respective customer base. First Street's offering is made up of rice & stew, chicken & chips and *sadsa nyama* (pap & stew) whereas J-Way's customers prefer the more traditional fare of mopane worms and tripe. Pissas says they have also recently introduced bunny chow to First Street and it is doing very well.

Everything in the HMR and bakery is made on-site and from scratch – "even the pastry for our pies," he says. It's not like in South Africa where you can buy boxes of ready-made pies and confectionery that you just need to bake off in the oven. The stores do their own bread – white, brown, wholemeal and wholewheat – with First Street selling just over 1 000 loaves each day, and J-Way selling 2 400 loaves every day. The split between bread and confectionery in terms of contribution to turnover are as follows: First Street: bread (3%)

versus confectionery (7%) and J-Way: bread (4.5%) versus confectionery (6.5%).

Fresh produce is also 80% locally sourced from a number of suppliers and the stores get pre-packs from local pack houses, as well as doing value-add lines in-house.

Both stores have service butcheries with pre-packed meat in high back fridges. Again, each counter services the specific customer base so there are chicken feet, livers and cow heads in J-Way and more 'regular' cuts of meat at First Street.

Staff team

Staff training is done in-house or through the distribution centre (DC), which periodically sends out trainers on specific areas of business, such as ranging or hygiene. All staff members (78 in First Street and 114 in J-Way) are from the community and Pissas says one of the strengths of both stores is the team mentality. "We're about building a team as opposed to individuals and dictatorships," he says.

Pissas says because of the staff spirit in store, as well as various measures in place (weekly stock takes in service departments,

"Seeing them all together from both stores made us realise just how many families we employ," comments Pissas.

Community involvement

Uplifting the community around them is therefore an important aspect of the business model. Besides regular sponsorships of school prize givings and local police events, Pissas and his team try to develop businesses around them.

Mrs Banda is one such example. She approached Pissas a few years ago with the leafy vegetables she grew (such as tsunga and okra) as she was struggling and wanted to supply the stores. Pissas agreed and then sent her on courses where she learnt a variety of skills – from business management to how to make one's own fertiliser. Unfortunately she was kicked off the land she was renting and after moving to a bigger piece of land, was moved off that plot too. The store then assisted her to buy her own land.

"She's now set herself up and doing very well. In fact, she can't even deliver herself anymore – she has to send a driver while she manages things on the farm!" he says.



Brett Pissas (far left) says the management team hopes to expand their operations further and is optimistic about the future of retail in Zimbabwe.

monthly stock takes in store), shrinkage is down to between 0.7 – 1%.

The DC has also recently launched a customer care campaign that Pissas is implementing strongly within both stores. In fact, they got all the staff together one morning (opening the stores at 9am versus the usual 7.30am) to hear motivational speakers from the DC launch the campaign and to hand out T-shirts. "It's amazing how a brand uniform is so motivational for the staff," he adds.

Economic times

"A lot of us forget very quickly what it was like 2 1/2 years ago when there was nothing on the shelves," says Pissas. This was followed by the Folly Wars – Foreign Exchange Licensed Warehouse and Retail Shops programme (FOLIWARs) where you had to apply to the Reserve Bank to be allowed to trade in foreign currency (in October 2008). But by January 2009, everyone was allowed to trade in foreign currency. "We've all learnt that whilst ▶

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we're happy to trade in US Dollars, they're hard to make and hard to keep," he says.

There are mixed feelings whether it is expensive to live in Zimbabwe. While the minimum wage is not far behind the Sub-Saharan average, "there aren't a lot of Dollars out there," he says.

"But at least we know they'll still be worth something in our pockets tomorrow," adds Pissas. He says that Bulawayo is more Rand-based, whereas in Harare, trade is dominated by the US Dollar – followed by the Rand, Pula (Botswana currency), Euro and Pound.

"I haven't seen a Zim Dollar in over a year – I can't even tell you if they're still in circulation," he comments.

Items that might have been difficult to find a few years ago – toiletries, electronics – are now readily available. "You can get anything you want now," he says.

Other challenges

Operating costs are on the rise like in South Africa, and electricity as a percentage of turnover is now about 1.5 – 2%. One uniquely Zimbabwean cost is the \$500



One of the strengths of both stores is the team mentality and staff training is done in-house or through the DC.

Zimbabwe Music Rights Association licence to play music in-store.

Regardless of these costs, competition in the retail space is intense. Pissas says there are five stores in the immediate vicinity, three of which he considers competition.

So what differentiates First Street and J-Way from the rest?

"The standard and hygiene of the store, as well as our customer service, which Spar has always hung its hat on," he says.

"We believe it is what will make the difference and with this new customer care campaign, we're really going to start walking the talk and doing what we believe in."

And the future?

"We are confident that the future is going to be good for us. Now that the dust has settled, we would like to look at options and see if we can grow our portfolio,"

Pissas concludes.



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