



## A new generation of green retail

BY LAURA DURHAM

**Heralded as the greenest store in the Southern Hemisphere, Makro Vaal is also the first to bring in a complete fresh offering with fresh produce, a butchery service department and deli offering. The opening in October last year was also the biggest ever in Makro history. And the store is doing better month-by-month.**

### Eco-friendly innovation

"When Walmart executives visited us they said they had seen very few, if any, stores like this," says Chris Knight, Makro Vaal GM. Reducing the store's carbon footprint was an important focus throughout the store design process – resulting in a 24% saving on overall electricity consumption when compared to Makro's other energy efficient stores. The biggest culprits of energy consumption are refrigeration, air conditioning and electricity. The store has managed to reduce the lighting contribution to the electricity bill by 40% through a number of measures that impact every aspect of the retail business. Knight says over 300 sky roofs were installed, which allow natural light to penetrate but

deflect the heat out of the building. "Our sky lights also create a soft glow, rather than a harsh beam of light on the trading floor," he explains.

In addition, computer-controlled lux meters have been installed throughout the store to ensure that lighting is kept within 800 – 1 000 lux at all times. For example, when the daylight begins to fade as the afternoon draws to a close, the system begins to switch on lights in the store to compensate. The opposite happens in the morning. There are also no light switches in the store at all and lights switch off automatically once a staff member leaves an office or storeroom.

The refrigerants used in the store's refrigeration system are CO<sub>2</sub> and Ammonia and the heat from the system is converted into the store's heating and used to power the geysers, which don't run off electricity at all. Gas is used in the food preparation areas and Wiesenhof coffee shop in-store to further reduce the dependency on coal-burning electricity.

"We've seen a 40% saving on overall electricity as a result of these initiatives and they are being rolled out to every new Makro store now too," says Knight.

The store has also encouraged customer recycling by placing bottle and computer

## Makro Vaal exemplifies Makro's fresh and green store concept of the future

Store: **Makro**

Location: **Vaal**

Opened: **20 October 2010**

Total size: **17 000m<sup>2</sup>**

Trading area: **12 000m<sup>2</sup>**

Staff: **344 full-time**

Transactions per week: **20 000**

hardware recycling bins outside. Within the store, boxes, plastics and organic waste are all separated and sent to recycling destinations.

### Hybrid store model

"Makro was originally geared towards serving the commercial customer but over the years, retail customers were also encouraged to come in to take advantage of the low prices," explains Knight. As a natural progression, it was decided to tweak the food offering to cater for their needs as well.

Weekends are the busiest time for retail customers who drive from outlying towns to stock up on their weekly groceries and browse through the extensive General Merchandise offering. "There are four aspects that set Makro apart – easy accessibility, excellent pricing, service orientated staff and the fact that retail, commercial customers and resellers can get almost everything they need under one roof," says Knight.

"General Merchandise already had a large retail offering so it made sense to add more food and groceries into the mix," he adds. The store now also has a complete offer in retail personal care. ▶

## STOREWATCH ►

Although the retail foot traffic has increased significantly, Makro is still very much a place for commercial customers, including spaza shop owners and even franchisees of other retail chains. Knight explains why: "We offer a quick and convenient stock-up solution for them with our full range of known value items (KVIs) at great prices with good service."

### Wholesale service

Small retailers therefore don't have to carry extra stock unnecessarily (a cost and space issue for them) nor wait for deliveries from suppliers or their group's distribution centre (DC).

"We're essentially working as a DC for the neighbouring Spars, Pick n Pay Family stores and Masscash's retail chain, Saverite," he says. The convenience and stock capacity of Makro also means that these stores can stock up before the weekend, when there are no deliveries from suppliers and DCs. And with fuel prices on the rise and the impending toll costs, local stores will be even more willing to buy their stock from the nearby Makro.

Customer relation officers (CROs) call on commercial customers each week to keep them updated on current promotions and find out how their businesses are doing that week. A dedicated telesales department also means that customers can phone, fax or email in their order, which will then be picked, sorted and delivered.

The layout of the Makro Vaal store has also made it easier for the commercial customer to shop – with a dedicated

trading area completely separate from the retail side, metal cages to hold stock for them overnight if necessary and a wider overhanging roof to make collection even easier (especially when it rains!). The store also opens earlier (8am versus 8.30am) for commercial customers to pick up their orders.

Makro serves a third group of customers, which purchase goods from Makro across the range that are consumed in the course of their businesses. Caterers, for example, buy foodstuffs, liquor and catering equipment from Makro, which they use in the execution of their own trade. Schools and offices buy stationery equipment and supplies, whilst tradesman stock up on the very attractively priced power tools and other hardware equipment. There is very little that retail as well as commercial customers and re-sellers alike, can not find 'all under one roof' at their local Makro.

### So much more in store

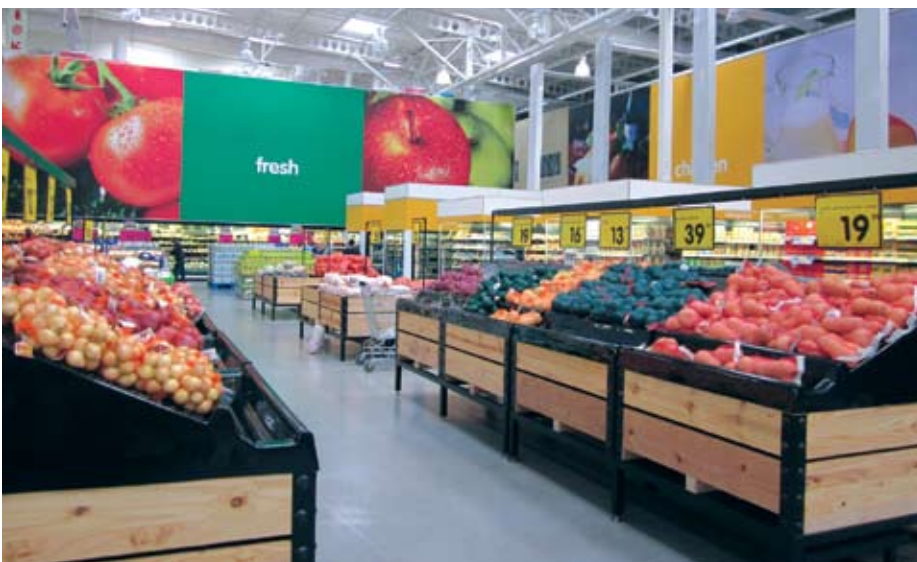
The Vaal store is split up into three sections: Food & Perishables, General Merchandise, and Liquor. Within Food, the offering is separated into edible and non-edible, with a range of bulk and single pack sizes. The biggest difference in the Vaal store is the fruit and vegetable offering which is sourced and supplied by Johannesburg-based distributor, Fruitspot (which Massmart has put in a bid to acquire). Initially the fresh produce department was purely a retail offering but it has become a wholesale offering as well, with customers ordering 100 pockets of potatoes, 100 crates of tomatoes to mention a few! The wholesale customers enjoy the convenience



*The butchery concept has been redone to offer a more personal offering. Instead of just a cold area for prepacked meat, the department has been opened up to include a counter service where customers can request a specific cut of meat.*



*The Wiesenhof coffee shop in-store to offer customers a place to stop and enjoy a cup of coffee before or after they shop the 12 000m<sup>2</sup> store. Staff from the coffee shop also make boerewors rolls outside the exit to tempt customers as they leave with their full trolleys.*



*The biggest difference in the Vaal store is the fruit and vegetable retail and wholesale offering, which is sourced and supplied by Johannesburg-based distributor, Fruitspot.*

*The store has managed to reduce the lighting contribution to the electricity bill by 40% through a number of measures that impact every aspect of the retail business. Over 300 sky roofs were installed, which allow natural light to penetrate but deflect the heat out of the building.*



# Makro Vaal: the green store revolution

- 310 sky lights
- Annual energy saving from lighting – 1 million KWA/year – equivalent to 70 000 cars off road per year, the amount of energy needed to power an upper-end household for 100 years
- Payback period – 3 years
- Day light harvesting instead of electricity (80% of day) – 1 000 lux average in-store
- High tech sky lights – double glazed, thermally insulated, 100% diffusing (glow instead of beam)
- Eliminates 99% of ultra violet rays – therefore no product damage or anyone getting suntanned in store (unlike fluorescent or metal halide)
- Back flashing to apex methodology waterproofs skylights
- Layout of skylights eliminates shadows of products and racking
- Natural colour of light – enhances customers experience in store (6-8% increase in sales), as well as improved working environment for staff
- LED lighting in vertical fridges and freezers
- Energy saving of 89% over fluorescent solutions and sensor function can be activated for further savings
- Removes typical dark patches in centre column of product
- Payback period – 2 years
- No maintenance for 10-15 years (further lifetime savings over fluorescent)
- Both lighting and refrigeration are a sustainable solution – a no brainer for the modern retail space

*Facts and figures provided by Makro Vaal's lighting providers – Russ Gittleson and Tristao Abro of Light Kinetics.*

of a one-stop shop, as they are able to get all their stock needs – from fresh produce to groceries to liquor next door, all under one roof.

The butchery concept has also been redone. Instead of just a cold area for the prepacked meat, the department has been opened up to include a counter service where customers can request a specific cut of meat. "We wanted a more personal butchery offering – a hands-on blockman experience," explains Knight. The Vaal store also has a rotisserie to add to the 'food theatre' experience, as well as a small hot foods offering. Knight says the Polokwane store, which is opening in September, will have a complete deli offering. The Vaal store does not have an in-house bakery, it sells bread and rolls trucked in by suppliers, but Knight says, "watch this space" as this could change in the future.

Makro Vaal has a Wiesenhof coffee shop in-store to offer customers a place to stop and enjoy a cup of coffee before or after they shop the 12 000m<sup>2</sup> store. Staff members from the coffee shop also make boerewors rolls outside the exit (for R22) to tempt customers as they leave with their full trolleys. Staff member, Jessie Pike says weekends are the busiest times at the stand and they can sell over 400 rolls in a morning. ▶

distributed by:  
 TEL: 086123LIGHT  
 www.lightkinetics.com



**LIGHT KINETICS**  
*Sustainable Lighting and Energy Solutions*

there is no greater efficiency  
 ...than off!



Game N1 City Cape Town - Lights Off 9am Winter

Our daylighting solutions  
 allow retail stores, DC's and  
 warehouses to eliminate  
 lights for 80% of the day.



New Makro Cape Town - Lights Off 11am Winter

Pick n Pay on Nicol on the roof



Major SA users include:  
 Makro  
 Pick n Pay  
 Game  
 Schools  
 Warehouses

available now in SA  
 payback 3-5 years  
 10 year warranty  
 30+ year life

## STOREWATCH ▶

### Promotable staff

Knight says the focus on service stems from the staff dealing with commercial customers on a personalised basis. Staff training is a very important pillar for the business. Each staff member goes through TBC training and is trained in all aspects of the business: Customer relations, sales, pricing and ethics. "Every staff member



*The layout of the Makro Vaal store has also made it easier for the commercial customer to shop – with a dedicated trading area completely separate from the retail side and personal service from customer relation officers (CROs).*

has to complete the entire course before we will let them loose on customers – and we make sure they are all promotable," he explains.

Staff will also soon be receiving a shrinkage bonus (after one year of trading) as the store has done a "terrific job" and is "better than the norm by far," says Knight. CCTV cameras and end controlling (checking till slips at the exit) also goes a long way to reduce pilferage.

There are 344 full-time employees on the floor at any given time but this number swells to 700 over peak periods (April, December). All the employees are sourced from local communities, including Sharpeville, Vanderbijlpark, Vereeniging and Sasolburg. "We try to uplift the community around us by employing them and as a result, the community will buy from the store," he says.

Managers spend 80% of their time on the store floor interacting with customers, and Knight says he too spends about 90% of his day on the floor. "The floor is where the customers are, where the shopping is done and where the real things are happening. It's never boring," he says.



*Customers enjoy the convenience of a one-stop shop, as they are able to get all their stock needs – from fresh produce to groceries to liquor next door, all under one roof.*



*General Merchandise already had a large retail offering so it made sense to add more food and groceries into the mix. The store now has a complete offer in retail personal care.*

**AMBIENT/HOT/COLD  
SQUARE DISPLAY**



# SUPERMARKET DISPLAY



**AMBIENT/HOT/COLD  
CURVED DISPLAY**



AVAILABLE IN:  
SELF-SERVING HEATED AND CHILLED & REAR SERVING HEATED AND CHILLED



**CHICKEN  
WARMER**



**CHICKEN  
PRESSURE FRYER**



TEL: 011-914 2772  
FAX: 011-914 2790  
WWW.CATERCARE.CO.ZA



**OPEN COLD  
DISPLAY 4x6' C**



## Building businesses around the store

Makro's dedication to the communities in which each store is situated extends to much more than donations. The list of social initiatives is extensive, with continuous blanket, clothes and food donations to the surrounding old age homes, children's homes, welfare centres and primary schools. Knight says that their suppliers always come to the fore to help fund these types of activities and they try to involve other members of the community as well.

"It's not just about Makro, it's about the whole community. One of our core values is to build up the community around us," he says.

Makro has also introduced a school rebate system whereby every six months participating schools get money back based on the value of purchases schools and their parents made at Makro. The schools use this rebate to buy computers, vehicles and equipment. The project is very successful and now that other schools have seen the rewards, they are also coming on board.

Makro is also helping to develop small businesses. As a group, Makro has 19 different banner groups across food and liquor. Each township has its own banner group because each community has different needs. "Communities are very loyal to their township and where one brand of maize meal will do well in one store, it might not sell in another," he says.

## Card buying power

Customers need to have a (free) Makro card in order to purchase anything in-store and Knight says the card is a fantastic tool for marketing and measuring feet. "Thanks to the card, we have a much more focused marketing strategy and are able to determine who our customers are and their buying patterns," he explains. Any communication between Makro and customers complies with the Consumer Protection Act requirements. The card is also a very useful tool for the store's commercial customers. "It is useful for customers because their shopping lists are recorded, they can see how their businesses are tracking and can determine what lines work well for them throughout the year," says Knight. It is also helpful for their accounting purposes in case they need to re-pull all their Makro invoices.

Knight says one of the challenges the store faces going forward is clearing up confusion around the card in the local communities. Some people think that it is a credit card, or are unwilling to share their most basic information to get one at all. "We've just launched an initiative to explain how the card works to the communities around us, as well as define our offering and show that it is for retail customers too," says Knight.

Another challenge – or opportunity – is for the Vaal store to grow their customer base from the surrounding townships, as well as reach outlying towns.

Makro has just celebrated its 40th birthday with a three week long promotion and Knight says the store doubled its sales. These longer-term promotions are set to continue as Massmart embraces Walmart's philosophy of everyday low pricing (EDLP). "With Walmart's backing, our customers are starting to save more and we want to get to a point where more customers can afford flat screen televisions, as an example, due to lower prices," he says.

"And with our service focus, we can tackle the competition from independents. We have so much to offer – a unique offering in a big open shopping space, extensive parking and easy accessibility for the entire Vaal triangle, and pricing competitors do not find easy to beat."



## South Africa's Favourite\* LED Refrigeration Display Lighting



85% direct energy savings  
improved product display  
maintenance eliminated  
no glare

payback less than 2 years  
available now in SA  
5 year warranty



\*Major users include:  
Makro  
Pick n Pay  
Game

Lighting System Wattage  
5-door case example  
(60 inch fixtures)

