

Hout Bay gets historic store opening

Pick n Pay and BP join forces

BY ANELLE HAMILTON AND RAYMOND MAINGARD

PICK N Pay and BP have combined forces in a pilot programme that they believe will change the face of petroleum retailing and convenience shopping in South Africa. The new partnership materialised on 28 November 2008 when the first Pick n Pay Express store opened in the Cape Town suburb of Hout Bay. The store features many innovative



Pick n Pay Express is Pick n Pay's new foray into the world of forecourt retailing.



Pick n Pay and BP have combined forces in a pilot programme.

Left: The cold beverage section at the new Pick n Pay Express store.



Right: Another view of the store.

Pick n Play Express

design ideas and product range offers, including a strong range of produce and home meal replacements.

What's the deal?

While a formal agreement between fuel and convenience retailers is not new to South Africa, what is different about this agreement is that Pick n Play will not only retail convenience goods on the service station forecourt, but will also retail fuel. BP will act as landlords and as fuel wholesalers, with Pick n Play as the franchisee. Where an existing BP franchisee has tenancy, the franchise agreement will, by agreement, be converted to a Pick n Play Express franchise. The agreement brings into play key strengths of both businesses and will fulfil Pick n Play's desire to expand its small store format.

The two companies signed a memorandum of understanding in July this year and plan to open a second pilot store in Blue Route, Tokai on 4 December 2008. Rollout will be dependent on the success of the model, but both companies are confident that the joint venture will bring multiple benefits not only to the two companies, but also and especially to South African consumers. The rollout will concentrate on BP's top national sites, with the existing BP Express stores being phased out.

"We have identified 185 possible sites

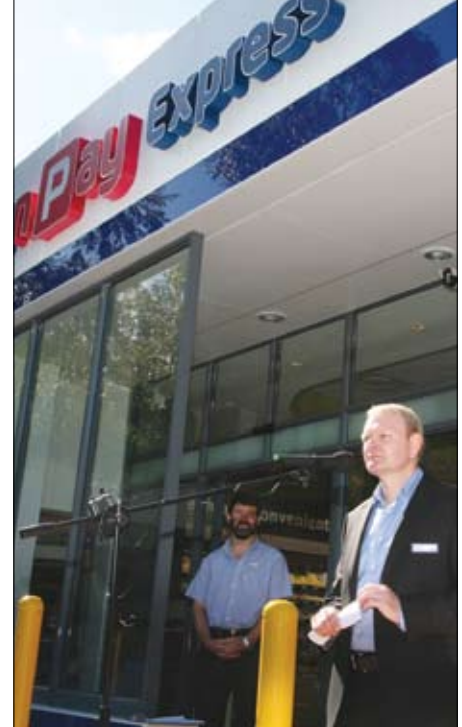
for the rollout, but this will depend on the success of the venture," says Pick n Play CEO Nick Badminton.

Pick n Play says its diesel will be discounted from the first day of trading, while petrol, which remains strictly regulated by government, will be sold at the prevailing price "until such time as government loosens its control on fixed prices."

The store format

Pick n Play Express will stock just over 1 700 lines and will stay open 24 hours a day, seven days a week. The Hout Bay site has a trading space of 110m² and is operated by Pick n Play franchisee, Luke Musgrave. The outlet will offer a range of Pick n Play fresh and convenience items, specifically identified to meet the needs of convenience shoppers. The Wild Bean Café, which was part of the BP Express Shop format, will still be the food service solution for the Pick n Play Express stores.

"This is one of the most exciting retail initiatives in which Pick n Play has become involved in many years and will be an important part of our plans to increase our convenience offering to our customers, which is an area of great potential growth," says Badminton. "Our research has shown that our shoppers want more convenience, both in terms of ease of shopping and location – and Pick n Play Express, in



Cobus Barnard, general manager, convenience stores at Pick n Play, at the new Pick n Play Express store in Hout Bay, which opened on 28 November 2008.

conjunction with our other small store formats, will give them just that.

"By entering into a partnership with BP, we will be able to offer our customers the essentials they need and where they need them, in a one-stop offering. We also believe that motorists will leap at the opportunity to buy discounted diesel. Our chairman, Raymond Ackerman, has for decades promoted the idea of selling discounted fuel and while we by law cannot sell cheaper petrol yet, we will be allowed to sell cheaper diesel."

BP's CEO, Siphon Maseko, says, "This partnership with Pick n Play will be a logical build on the strong platform that BP Express has created. We are confident that partnering with Pick n Play will take our offer to greater heights. In addition, our agreement paves the way for extensive enterprise development through the building up of existing and new franchisees, particularly in small and medium-sized business development, which holds great promise for the advancement of black economic empowerment." ■

The agreement between Pick n Play and BP sees Pick n Play retailing both convenience goods and fuel at various BP service station forecourts. BP will act as landlords and fuel wholesalers, with Pick n Play as the franchisee.

