



Township storewatch

Buying better in a banner group

By LAURA DURHAM

Retail group, Metcash has a diverse stable of operations and its banner group contributes around 15% to the group's turnover each year. The banner group consists of 2 000 members in Gauteng and around 4 500 members nationwide. *Wholesale Business* recently took a tour around some of the franchises to discover what being a member was all about.

How the banner group works

The Metcash banner group comprises: Viva Supa-Save, which is mainly made up of township stores or ones that fall in an industrial area; Buy Rite, which consists of stores in towns or cities, Celebration (liquor outlet) and Lucky 7, stores in more rural areas such as Mpumalanga and across the border in Swaziland. Independent store owners need to meet certain requirements in order to be considered as a member of

The advantages of being part of a banner group far outweigh those of remaining completely independent

the banner group. "We take into account the store's size, buying power, community involvement and whether it falls outside a 4 km radius of another member," explains Moses Segakweng, Metcash retail marketing and sales manager. Members are required to purchase the branding of the franchise – flags, signage and uniforms – from the nearest Metro and after an inspection from head office, the banner agreement is signed.

Location importance

Location is very important for the banner group and members in a busy area will obviously benefit Metcash because they will require more stock more regularly, thus assisting the Trade Centres to reach their objective of pushing volumes through the doors. Farzana Khan, owner of Viva Cash & Carry in Crown Mines, has an excellent location in the industrial area and she has made her store the regular stop for factory

Members are not charged a franchise fee and this disallows Metcash from interfering in any aspect – management or interior appearance – of the store, other than to offer advice. Khan believes that her customers would not be happy if she got rid of the dim and cluttered feel.

workers going to and from work by opening up earlier than her competitors. She discovered this accidentally when she came to the shop at 5.30am to fetch glue for her daughter's school project and noticed how many people were already walking past her door. "Now between 5.30am and 7am I do half my days takings!" she says.

Sam Mbekwa's SJJ General Dealer is situated in the residential hub of Orlando East and the community supports his store tremendously. He sells R50 000 worth of fruit and vegetables a week, 400 loaves of bread a day and a substantial amount of liquor a week at his Celebration bottle store. An impressive feat, especially considering there is a U-Save just around the corner.

Respect for the nearby retailers has helped Nomsa Zitha blossom her three stores in Mofolo South. Because of the takeaway and fruit and vegetable seller next door, she has not included these departments in her

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Cross Roads Hyper. Instead she has focused on wholesale – supplying potatoes and bread in bulk to local canteens – and positioning herself as a convenience store for her customers to stock up on basic supplies. Her monthly hampers of necessities – oil, washing powder, flour, sugar, rice and maize meal – are very popular with her customers.



Nomsa Zitha has situated her Cross Roads Hyper as a convenience store for the area and her monthly hampers of necessities – oil, washing powder, flour, sugar, rice and maize meal – are very popular.

Bulk buying power

Other than a joining fee of R2 000, members remain totally independent in terms of the management of the store. Being part of the group means that they have the huge benefit of buying the 30-40 promotional lines at the best possible price from their nearest Metro store. The monthly promotions are decided upon a month in advance by the members themselves, who also need to buy the promotional leaflets, which can then be distributed amongst their customers. "Other than the promotional lines, members are not obligated to buy from Metro," explains Segakweng. But benefiting from the bulk buying discount means that the members can better fight off local competition.

Metcash's business model is currently undergoing a transition to hybrid stores that incorporates both retail and wholesale trade.



Farzana Khan, owner of Viva Cash 'n Carry in Crown Mines, has an excellent location in the industrial area and her media centre is popular with her customers, especially at month end.

The aim is a 60/40 retail/wholesale split and Segakweng emphasises the point that traders and wholesale customers will not be neglected. "For example, Middleburg Metro, which is one of the new stores, still has bulk tills at the back for these customers," he says.

Other benefits

Being part of the banner group means more than just guaranteed best price for members. The Banner Development Programme is a way for Metro to improve the efficiency of the store by way of training in merchandising, ordering and stock availability. "As an independent retailer, being part of a banner group is necessary or else the market might swallow you," says Segakweng.

This mentorship is useful for members and getting to know market trends and trade tips are hugely beneficial to the way they run their business. Every year there is a conference, usually held in Swaziland, where

all the members come together and exceptional growth and development are acknowledged. This year, Sam Mbekwa of SJJ General Dealer won the top retailer of the year award and walked away with a Mercedes C180.

Crime control

Each banner group member employs different methods to ensure the safety of their staff and stock. Khan has had trouble in the past, with the most recent incident involving criminals trying to get in through the wall. Fortunately they miscalculated their entrance and came out below the store instead of the shop floor. She now employs two reaction companies to cover her bases.

Zitha had to enclose her kiosk with thick concrete wall after a recent armed robbery during the day. This permanent measure was obviously necessary to prevent further incidents, but also because she feels she



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Sam Mbekwa's SJJ General Dealer is situated in the residential hub of Orlando East and the community supports his store tremendously. He is also very involved in social upliftment in the area and for this he is greatly respected.

cannot rely on her reaction company (who arrived even later than the police!).

Mbekwa is very involved in the community in terms of social development – sponsoring school bursaries, soccer teams and giving out Christmas parcels – and this important role has garnered him respect even from

the criminals. "You can't bite the hand that feeds you," comments Segakweng.

Minimal interference

Members are not charged a franchise fee and this disallows Metcash from interfering in any aspect – management or interior

appearance – of the store, other than to offer advice. This means that improving the look and feel of the store is completely at the discretion of the member and, judging by our store tour, this is far from a top priority for most.

The Buy Rite concept has much more of a supermarket feel and the Delarey store, just off Ontdekkers Road is well-lit, uncluttered aisles with a clear merchandising strategy.

Khan thinks that the appearance of her store is key to its success. "I would like to fix up the shop and give it a modern look, like a Pick n Pay, but do you know – I might even lose customers because of it!" she says. Although she did major improvements when she bought the old warehouse, she believes that her customers would not be happy if she got rid of the dim and cluttered feel. Her daughter, however, thinks otherwise.

Our conclusion

There are many advantages of being part of a banner group, not least the bulk buying power, promotional leaflets and retained independence afforded to members. For independents struggling to stay ahead of the competition and encroaching major supermarket groups, it's time to become a member.



Metcash franchise, Buy Rite, which consists of stores in towns or cities, has a more supermarket feel.