



United yet unique

Zihoor Allie, owner of Cravenby Powertrade Cash & Carry and Kuilsriver Powertrade Cash & Carry, says changes in the market place make it essential to stay on top of what customers want. To this end, their store formats have changed from pure wholesale to hybrid (wholesale/retail) shopping.

By LINDA WILKINS

Independent wholesale and cash & carry outlets in South Africa have had many challenges to face and overcome during the past ten years, particularly with the expansion of the formal retail chains into townships, which were traditionally their territory. Joining a buyers group, such as Unitrade Management Services (UMS) gives these smaller independents an opportunity to grow their buying power whilst remaining independent in an increasingly competitive retail environment.

Umbrella independence

Unitrade's philosophy is based on several principles: helping its members to grow their businesses; providing a recognised brand under which each member can trade, if they so wish; and recognising that independent

Powertrade brand gives independents the best of both worlds and a way forward

wholesale and retail outlets want to retain their own identity, even if they belong to an umbrella group. The Powertrade and Food Town brands offer each member the opportunity to position their store to their shoppers as part of a recognised national brand, while still having the flexibility to remain unique by retaining their own brand as well. In this way, they get the best of both worlds. In essence, Unitrade's members

receive the benefits of a franchise offer, but without the costs normally associated with buying a franchised outlet.

Changing customer demands

Besides the major retail chains entering the scene, townships have also seen an influx of shopping malls that often have as their flagship stores a retail grocery chain, which has added to the pressure that independent wholesale outlets have been and are experiencing.

The availability of improved shopping environments has in turn created higher levels of expectations from customers in all LSM groups, including those in the lower income brackets where there is a much higher awareness and intolerance of high pricing, poor levels of service and uncomfortable shopping conditions. Added to this scenario is the wider choice offered to smaller trading stores and spaza shops in terms of from where they can buy their stock. These traders are always on the lookout for better pricing to pass onto their customers or to increase their margins.

Raising the bar

UMS as a buying group had already begun evolving into a management services company before December 2006, when it became a wholly independent entity, but this process gained momentum in 2007. The buying power of the group, represented by South Africa's top independents, meant that UMS could continue to negotiate the best possible pricing on groceries, confectionery, beverages, maize, perishables, catering products and general merchandise for its members.

This was one of the main reasons why Aheers Powertrade Cash & Carry in Greytown, KwaZulu-Natal (KZN), joined UMS two years ago, according to Ashokumar Aheer, who owns the store together with his brothers, Vinesh and Neeram. "We were attracted by the fantastic deals and the benefits of bulk buying power," says Ashokumar. This was also an attraction for Up-to-Date Powertrade in Vredendal, who joined the group in 2009. "We realised there was a significant benefit for us to become part of UMS, not only in terms of pricing, but for the other services they offer to their members," says owner, Gustav Lutz.

Focus on Powertrade

The Powertrade brand first hit the streets in South Africa 2001, with the branding of L. Kom Wholesalers in Vereeniging and J&E



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Cash & Carry in Pretoria, both of who are still UMS members. Fast forward to ten years later in 2011 and there are now 56 Powertrade outlets in South Africa, including Botswana and Swaziland, catering to a variety of target markets, mainly those in the lower to middle income segments.

Another of the first members to join UMS was Elangeni Powertrade Cash & Carry,



UMS assists its members to obtain uniforms for their staff, which can still be customised to the unique look and feel of the store.

situated in Daveyton on the East Rand in Gauteng. "We became part of the Powertrade brand about nine years ago," says owner, Luis Dos Ramos, who explains his loyalty throughout the years in two words: the people. Elangeni has a trading area of 3 800m² and employs 72 staff. Dos Ramos has seen his business grow from strength to strength and believes that his customers know and trust the Powertrade brand.

Recognition through branding

Unitrade's Powertrade stores are instantly recognisable as being part of the brand through their exterior and interior signage; a variety of in-store marketing materials such as posters, shelf-talkers and bunting; gondola ends featuring the Powertrade brand; and staff wearing Powertrade branded uniforms. In addition, the branding is carried through on promotional leaflets and newspaper advertisements and inserts, directional signage, billboards and bus/bus shelter advertising.

Brand recognition is one of the real benefits perceived by Inanda Powertrade Cash & Carry in Inanda, KZN, who joined the group in 2003. "We are recognised



Save You Powertrade in Pietermaritzburg is a landmark in the area. Without independent retailers, the formal chains would have total market share, which would not be a healthy situation.



Powertrade stores are introduced to their customers – the end consumer – via a launch, which will feature an array of special offers of various FMCG items, as well as in-store competitions, spot prizes and giveaways such as branded Powertrade T-shirts or caps, often accompanied by music outside the store to create a festive atmosphere.



The availability of improved shopping environments has in turn created higher levels of expectations from customers in all LSM groups. Being part of a buying group is therefore a way to ensure that price and store experience meet customers' expectations.

among suppliers because of our brand and collective trading power through UMS, plus we are able to maintain our product range," says Ismail Haffejee, owner of Inanda Powertrade together with his uncle, A.K. Haffejee.

Launch to market

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in-store competitions, spot prizes and giveaways such as branded Powertrade T-shirts or caps, often accompanied by music outside the store to create a festive atmosphere. Powertrade store launches – arranged and organised in conjunction with the member – are always attended by representatives from UMS, with executives, general managers, buyers, marketing managers and business development managers showing their full support and commitment, before, during and after the



Well-stocked and neatly merchandised ends make for a great display at Up-to-Date Powertrade in Vredendal.

implementation of the Powertrade brand at store level.

Understanding the market

Many of Unitrade's Powertrade member stores are situated in townships or rural areas, servicing lower income markets that generate great volumes of foot traffic through the stores.

This is a different world to that of the formal chains and one that has at times confounded key accounts and channel managers. One cannot simply view the lower end market as a homogenised mass. With this in mind, Unitrade assists its members to cater for their specific shopper base through targeted marketing strategies that will best suit their requirements.

Zihoor Allie, his mother Latiefa Allie and Mohammed Parker, who together own and manage Cravenby Powertrade Cash & Carry and Kuilsriver Powertrade Cash & Carry, both in the Western Cape, says that changes in the market place make it essential to have an understanding of one's target market. "Our customers – mainly traders with small stores and spaza shops – have changed their buying patterns, buying more shrinks and loose items. To offset these shifts and in order to grow our business, we have changed our trading format from pure wholesale to a hybrid offer. Price has also become much more of a key driver."



Being part of the Powertrade brand has helped Elangeni Powertrade Cash & Carry in Daveyton on the East Rand in Gauteng, to grow from strength to strength. Customers also associate the brand with quality and trust.

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Inanda Powertrade's Ismail Haffejee agrees that a thorough understanding of the market is essential. "We have experienced a shift from general wholesale to hybrid retailing and our customer split is now 40% traders and 60% general public. We have many more female shoppers and sell more single units than before. We have to address these market changes while maintaining margins, quality of service and being able to offer customers the best possible deals."

Up-to-Date's Gustav Lutz has also adjusted his trading model to cater for his target market. Originally the store sold fresh produce supplied from his farm but Gustav added dry groceries to the offer. However, the ratio to dry groceries was still too high. "We needed to find a way forward so when we joined Unitrade we were able to expand our store and revamp our offer," he explains.



Amies Powertrade is one of the newer members of the Unitrade group. The store has a trading area of 1 500m² and includes a bakery and fresh produce department. Fazeel and Ahmed Ghoor were part of a buying group previously but made the switch to Unitrade as they like the group's dedicated focus on the independent wholesaler.



Unitrade's Powertrade and Food Town brands offer each member the opportunity to position their store to their shoppers as part of a recognised national brand, while still having the flexibility to remain unique by retaining their own brand as well. In this way, they get the best of both worlds.

Going forward

Ashokumar Aheer believes that in the present day trading environment there is no chance for an independent to survive unless they are part of a major buying group. And according to Elangeni Powertrade's Luis Dos Ramos, the present day market needs the independents. "If there were no independent retailers, the formal chains would have total market share, which would not be a healthy situation. We believe we are positioned with the right group that has the capability to position its members to become the biggest independent force in South Africa."

This view is shared by Fazeel Ghoor, who together with his brother Ahmed owns

Amies Powertrade, one of the newer members of the Unitrade group. Amies Powertrade's trading area is 1 500m² and includes a bakery and fresh produce department.

"We believe that being part of the Powertrade brand will allow us to move forward in terms of being competitive in the market place," says Fazeel. Amies, which was part of a buying group previously, made the switch to Unitrade as they like the group's dedicated focus on the independent wholesaler. "We're not just a member; there is total interaction," says Fazeel. "We are extremely 'chuffed' about our joining Unitrade," he concludes. **WB**