

Challenging the face of bottom end retail



Biggest food DC in Africa is set to expand

Hikma Marketing has become an essential link in the supply chain to the independent trade. How did they achieve this?

BY GILLIAN HURST

Creating a new layer in the supply chain

How does a wholesaler grow to become 'the wholesaler's wholesaler'? Simply answered, by filling a gap in the supply chain between wholesalers and the growing independent trade. The ability to assume this function was facilitated by co-owner Muty Hoosain's strategic decision-making in several key areas of his business.

Low margin, high volume

Hikma concentrates on low margin, high volume, mostly food KVIs. They have limited their stock to between 1000 and 2000

high volume KVIs. In many ways they have become a distribution centre for independent wholesalers, including independent and franchise retailers. They make large-scale deals and split them into more affordable purchases at pallet and truckload deals for their customers.

Deciding to be a major player in the food distribution industry, they are currently investigating the feasibility of a 5000m² frozen food facility.

Bulk buying is key

A member of the buying group Elite Star Trading, Hikma has grown to become one

of its most successful outlets. Belonging to such a large buying group has substantial benefits. A buying group of this size is in the financial position to make extremely large bulk purchases, which obviously come with a sizeable discount to match. The result is that the savings are then passed down to Hikma and its customers in turn. Deliveries are mostly bulk deliveries of KVI's, made to customers in areas from Bloemfontein to Botswana.

The smart decisions that equal worthwhile savings

There are very few in-store sales, as telemarketers and sales representatives do all the selling – this ensures close personal contact between the store and their customers.

Hikma is a member of the Elite Star Trading buying group and is one of the biggest independent food wholesalers in South Africa. The benefit of an organisation like Hikma to its suppliers is extensive. By taking over the job of distribution centre, they perform a vital service for those suppliers who cannot service as many customers as quickly in such a wide geographic range.

A substantial order about to be loaded onto a truck for a customer.





Ignite Products are now selling new innovative Firelighters.



- ◆ This firelighter is a Kerosene (paraffin) based firelighter, that is uniquely divided into 4 individuality wrapped units. The individual units are wrapped together to form one unit.
- ◆ Each individual is flow wrapped with a unique metalised film, that consists of a chemical barrier and wrapped together again with the same type of film, which gives the firelighter a double protection for longer lasting efficiency and prevents the pack from releasing any paraffin smell.
- ◆ The firelighters are packed into boxes of 20, and weigh between 5 to 6 kg per box.
- ◆ Ignite Firelighters are used to light wood, charcoal, briquettes, baroques and fireplaces at least four times per packet.
- ◆ The individual unit can also heat up water for coffee or tea which makes it an ideal product for outdoor camping."

"We sell a full range of charcoal products, which includes 5 kg & 10 kg raw charcoal, 4 kg Briquettes, Fire logs and disposable braais. These products can all be packed in own branding as well."

Tel / Fax: (034) 995-0377
Direct Fax: (086) 6176025
E-mail: bernd@igniteproducts.co.za
Web: www.igniteproducts.com



The store is designed so as to offer clear, easy access for staff, cleaning and transportation equipment. It is possible to have a clear view from one end of the store to the other, which is also good for security.

A changing marketplace

A major part of Hikma's clientele is made up of Indian, Pakistani, Somali and Chinese traders. These ethnic groups represent the new face of bottom end retailing in South Africa and a great deal of business is conducted along religious lines," says MD of Elite Star Trading, Louis Greeff. He has seen the customer demographic change dramatically over the last 15 years. "Buyers from all over sub-Saharan Africa come across the border to buy here."

Greeff who says that until operators take note of which products are being sold, it is difficult to establish which African country's buyers are in town. He has observed an interesting phenomenon, namely that product preferences are very different from nationality to nationality and are simple to spot. For example, Zimbabweans will only buy self raising flour as it is perceived as being cheaper than purchasing flour and yeast separately, while Zambians will only purchase a specific Colgate variant and pack size. He also noted that in general African women have proved themselves to be very intuitive and successful traders and he has huge respect for them. He advises the industry not to underestimate them as they are powerful players in the market.

Biggest DC to independent traders on the continent

Hikma's infrastructure has expanded as their client base has grown. Their premises cover 30 000m² of floor space, they employ 70 staff members and have a fleet of 24 super links and between six to eight smaller trucks. Muty Hoosain notes that they comfortably move 750 000 tons of products a year, with

sales spiking over Easter and reaching a peak in November and December. Hoosain stresses the role that ensuring customer satisfaction has played in the stores development. They have focused on building a relationship of trust with their customers. They also promise fast delivery of goods. Once an order has been made, delivery takes place within three days no matter where the customer is situated.

Testimony to the growth of the independent trader

Hikma is the Arabic word for wisdom and wisdom in its business strategies and decisions is what has facilitated the store's growth and unique place in the industry. By carefully examining the needs of both suppliers and customers, the store has taken on an exclusive role that was clearly lacking in the ever-growing independent market place. Hikma's development and future expansion plans are testimony to the developing needs and rapid growth of that independent market, both in South Africa and across the African continent.

In-store, forklifts have clean wide aisles within which to load pallets and transport them safely out to the loading bay.

