

# Pick n Pay and Gauteng Department of Economic Development support more spaza entrepreneurs

A partnership between Pick n Pay and the Gauteng Department of Economic Development (GDED) to regenerate entrepreneurial grocery stores will see its second store open in Diepkloof.



Solly's Mbnageng Market

The pilot store demonstrated that a large national retailer could have a positive role to play in townships by working hand-in-hand with spaza shop owners to modernise their independent stores. It helped the owner of a small independent grocery shop in Diepkloof regenerate his store and turn it into a thriving neighbourhood convenience store.

The second of these stores, Emabheleni, has reopened this week, with a further three scheduled before the end of the year.

Entrepreneurs Wonder Mbhele and her son Nkululeko run Emabheleni. The Emabheleni Market store started trading in Rockville in the 1930s and for the last 40 years has been run by the Mbhele family. In recent years, the trading environment has become more difficult, with an economy under pressure and new entrants competing for the local market.

With the help of some of its suppliers, Pick n Pay has worked with Nkululeko on a total store refurbishment, which now boasts new refrigeration and IT systems. The store will have up to 1 200 lines of edible, non-edible groceries, fresh produce and perishables. In a new development for the conversion model, the store will also include a bottle store and will offer a full value added service range, including money transfer, ticketing, airtime and data, bill payments and the sale of



prepaid electricity, giving Nkululeko new sources of revenue. Customers will benefit from the fact that the store will be linked to the Pick n Pay Smart Shopper loyalty programme (voted South Africa's favourite loyalty programme for four years in a row). Shoppers will be able to earn and redeem Smart Shopper points at the store.

Nkululeko says, "This opportunity means a lot to my family. We felt we had hit a glass ceiling and the partnership with Pick n Pay was the perfect vehicle to help us break through. The company is helping us deliver a value added service to our community and I know the community are just as excited as we are. Our business is centred around the community and now, we are able to provide and offer services we previously could not. We are delighted and very excited. We have also increased our staff from 8 to 12."

## **Pilot shop thrives**

The first in the pilot programme, Solly's Monageng Market, opened in February and has shown great promise. Solly has benefited from Pick n Pay's retail knowhow, while Pick n Pay has learnt much about trading in this community environment and the unique expectations of customers. Since the conversion from spaza to neighbourhood convenience store, Solly has increased turnover by 200% and has evolved from being a subsistence business to making a profit after salaries have been paid. He employs six people and his daughter, Nelly, has shown herself to be a very successful store manager.

Solly has also benefited from tailored business mentoring and advice from Pick n Pay franchisee and local entrepreneur Bonnie Sachane. Bonnie owns the Pick n Pay family store in Protea Glen, Soweto, and is a successful entrepreneur in his own right. Bonnie will extend his support to Nkululeko and Wonder.

Solly has also made an impact on the local community. He has held a supplier day in which local community entrepreneurs presented their products, some of which, such as green vegetables, achar and bakery products, he now purchases directly for sale in his store. Emabheleni store intends to do the same.

## **Successful public/private partnership**

Pick n Pay deputy CE, Richard van Rensburg, said, "This is a workable public/private sector partnership on a micro scale between Pick n Pay and the GDED. The GDED has been helpful in identifying key entrepreneurs with whom we can partner and the model is working well as a project to help in the revitalisation of townships.

"Solly is delighted with the performance of his business and we are equally pleased at what we have been able to learn from him. The neighbourhood convenience format is one of the fastest growing grocery retail formats worldwide and a spaza shop is essentially such a format. By bringing together our supply chain, buying and systems capability in partnership with a spaza owner's intimate knowledge of the needs of customers in the neighbourhood, we are able to bring something special to customers – state of the art grocery retailing in an extremely convenient neighbourhood location. Importantly, we are helping neighbour customers access the goods they need close to home, which reduces the need to travel for their shop.

"Our goal is to help independent traders make the very best of their hard work, entrepreneurial spirit, commitment to community and convenient location. In assisting them to grow their businesses, we jointly bring the Pick n Pay offer closer to customers and at the same time, we both play a greater role in growing our economy.

"Today Wonder and Nkululeko Mbhele join Solly in becoming part of our community of independent business owners. These are all experienced entrepreneurs who will grow at the helm of their businesses benefitting from our buying, distribution systems, IT and marketing, while we benefit from their skills in neighbourhood convenience retailing."

## **Boosting township economy**

Leah Manenzhe, acting CEO of Gauteng Enterprise Propeller, the funding agency for the Department of Economic Development in Gauteng, said, "The GDED, in partnership with Pick n Pay, continues to boost the township economy, as it



opens the second spaza-to-store conversion in Vilakazi Street Soweto.

“This is the practical implementation of Gauteng’s township economy revitalisation strategy, which aims to radically change the structure of the Gauteng economy and unlock the potential of different sectors in order to revitalise and rebuild the productive capacity of the township economy.

“The private sector has a significant role to play in sharing and transferring economic ownership and skills and this store is a result of a transformative partnership that we have established with Pick n Pay, a strategic partner that has agreed to take the risk together with government in tackling the incorporation of marginalised sectors into the mainstream. Together with GEP, the provincial government will continue to support initiatives that are aimed at capacitating our SMMEs, create space for the placement of township-manufactured products in their stores and encourage meaningful participation in the economy.

“The partnership is indicative of the producer-driven value chain philosophy we have adopted which gives us the potential to build relationships and transfer skills between township entrepreneurs and established retailers and can only be growth-enhancing in the long run to township SMMEs.

“As the provincial government, we plan to open five similar shops across the province through this partnership in the 2016/17 financial year. We call on all private sector industries to support this Township Economic revitalisation programme.”

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