

Pilot scheme in Soweto could open the door for hundreds of spaza owners

A new partnership between the Gauteng Department of Economic Development (GDED) and Pick n Pay comes alive as the first ever spaza-to-store conversion, Monageng Market, opens in Diepkloof, Soweto this week.



This pilot project forms part of the GDED's programme of economic revitalisation in townships and is the latest example of Pick n Pay's commitment to inclusive growth in South Africa.

The Monageng Market store, which is owned and run by Solly Legae and his family, has traded in Diepkloof since 1972. In recent years the trading environment has become more difficult, with new entrants competing for the local market.

Chris Reed, group executive for franchise of Pick n Pay explained: "Many independent township traders are experiencing tough times as the economy tightens and competition becomes more intense. When we talk to spaza owners about the challenges and how we might help, they frequently identify better access to quality products at good prices, a reliable distribution system, good business management systems, and business advice and mentorship as priority areas for them.

"Pick n Pay's successful franchise operation has been a strong base for many years for developing new entrepreneurs and building new business leaders, including young black entrepreneurs. We are excited about adapting strong elements of our franchise model to support independent SMMEs and make a contribution to the economic revitalisation of township communities."

New partnership model

Pick n Pay and the GDED have, therefore, put together a new partnership model to assist the business. Based on Pick n Pay's successful franchise model, the pilot partnership includes access to Pick n Pay's:

- Extensive range of branded products and very competitive purchase pricing;
- Efficient systems for ordering and managing stock;
- Increasingly centralised, regular and timely distribution network;
- Retail services including data, airtime and ticketing;

- Participation in Smart Shopper, the loyalty scheme; and
- Marketing and operational advice.

In managing the revitalised store, Solly Legae will also benefit from tailored business mentoring and advice from Pick n Pay franchisee and local entrepreneur Bonnie Sachane. Sachane owns the Pick n Pay family store in Protea Glen, Soweto, and is a successful entrepreneur in his own right.



With the help of some of its suppliers, Pick n Pay has worked with Legae on totally refurbishing his store, which now boasts new refrigeration and the IT systems. Although the store remains small, it will have up to 800 lines of edible and non-edible groceries as well as fresh produce and perishables. The store will also offer a full value-added service range, including ticketing, airtime and data, bill payments and the sale of prepaid electricity, giving Legae new sources of revenue. The store will be linked to the Smart Shopper system so shoppers will be able to earn Smart Shopper points.

The refurbishment has extended to revitalising the strip mall's front façade and roof so that other traders in the mall also benefit.

New challenges require new thinking

Pick n Pay's deputy CE, Richard van Rensburg, said: "New challenges require new thinking. We are excited about working with the GDED on township revitalisation and growing a new cadre of black business entrepreneurs.

"Pick n Pay has consistently sought to play a positive role in South Africa since Raymond Ackerman started our business

in the 1960s. We are perhaps best recognised for our social contributions to communities and for initiatives such as our PnP Schools Club, but we have been equally active in helping to build small businesses including supplier and retailers.

“We believe that large retailers have a responsibility to support local small business development and in the 2015 financial year, we spent over R40 billion in supporting South African suppliers, with 94% of our fresh-food products being procured from local suppliers. Our spend on SMMEs quadrupled in 2015 and expenditure on BBBEE businesses rose by over 39.2% to R33 billion, with a focus on black women-owned businesses.

“This latest partnership with the GDED is about revitalising township economies, assisting SMMEs and building new business leaders. Successful township businesses help the broader community by creating jobs and encouraging the development of a wide range of skills, including systems and technology and customer service, as well as retail skills in butchery, bakery, and other areas. This is about helping independent entrepreneurs to make their businesses successful and play a greater role in growing our economy.

“Today, Solly Legae becomes part of our community of business owners and if this pilot proves to be successful, many hundreds more independent spaza owners could end up working with Pick n Pay as formal retail traders in the future.”

Pick n Pay has committed to creating 5000 jobs per year up to 2020 – or 20 every working day. The company is currently investing R5 billion over next two years in new store development and infrastructure.

Governmental commitment

Gauteng's MEC for Economic Development, Environment, Agriculture and Rural Development, Lebogang Maile, has expressed delight at the development. He said that the labour of the work that has gone into crafting the partnership between the Gauteng Department of Economic Development and Pick n Pay is beginning to show results.

“We are very pleased with this development as the provincial government. In 2014 we indicated that we would engage in serious conversations with business about the revitalisation of the Gauteng Township Economy. This store is the first practical expression to come out of the partnership with Pick n Pay and we are certainly looking forward to more of such developments in other areas in the province.

“We are now moving beyond the theoretical framework and making the transformation, modernisation and re-industrialisation agenda a living organism amongst entrepreneurs. The store, therefore, represents a perfect fit in our endeavour to unlock whatever bottlenecks that may be hindrances to the development and sustainability of the small business sector.

“We are moving swiftly with our plans as contained in the Gauteng Township Economy Revitalisation Strategy, part of which is the drive to address strategic economic infrastructure deficiencies, market access and access to quality goods by consumers.

“We urge both business and entrepreneurs to remain focused and engaged in our quest to address the challenges. The government remains committed to ensuring that we have an environment that is conducive for business to flourish; characterised by sustained growth and employment creation and unyielding certainty in the policy environment,” added Maile.