



The Times

RETAIL AWARDS 2015

Sowetan

OCTOBER 2015

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Making advertising spend count

In a tough economic climate, the value of the Retail Awards Survey research is greater than ever

Alf James

THE ANNUAL *The Times/Sowetan* Retail Awards Survey assists Times Media to work with clients as tactically and strategically as possible, to maximise every advertising rand they spend with the newspapers.

"Times Media is focused on building value for our retail clients that is based on sound research, strategy and learning. The Retail Awards Survey is a valuable instrument for developing and improving our clients' return on advertising investment," says Trevor Ormerod, general manager: group sales and marketing for Times Media.

"Now in its eighth year, the Retail Awards Survey maintains its highly credible platform in the marketing arena. It provides a representative snapshot across 20 categories, as well as one category from the Top Brands survey.

"This year continues within the same framework and methodology as last year – based on the concept of relative advantage, which is calculated by using a retailer's relative advantage on the delivery scale compared to ratings within a category, and is finally derived from the actual usage of a retailer in a specified time period; the rating it receives from its users relative to others in the category; and the rating it receives from those non-users aware of it, also relative to competitors in the category," explains Ormerod.

He says the strength of competitors must be taken into account in any assessment of a retailer's relative advantage.

"Similarly, by looking at the non-user ratings, some idea of a retailer's relative 'attraction' among non-users is gained, which is

a good indication of its relative ability to attract new users," says Ormerod.

He contends that advertisers are working with tight advertising budgets in a challenging retail environment, which increases the value of the insights and information gained from the Retail Awards Survey.

Ormerod points out that, despite South African confidence levels remaining unchanged from the first quarter of 2015, at 87 points, according to the latest *Nielsen Consumer Confidence Index Report* for Q2 of 2015, recessionary sentiment increased by three percentage points, with 73% of respondents of the belief that the country is in an economic slump at present.

"South Africans have experienced little change in their personal circumstances to shift their more negative perceptions. Consumer confidence levels have remained stable for close to four consecutive quarters, with the prevailing views cautionary on all confidence measures. Paying off debt has overtaken the economy and job security as the major concern, with consumers increasingly struggling to make ends meet," says Nielsen South Africa MD Craig Henry.

In response to the question "Considering the cost of things today and your personal finances, would you say this is the right time to buy the things you want or need?", only 27% said it is a good time, and the majority (70%) said it's "not so good", or a "bad time" to be buying.

As a result of these increased financial concerns, compared to this time last year, 81% of respondents said they had changed their spending habits to save on household expenses. 72% cut back on take-away meals, 64% spend less on new clothes, and 63% are



Trevor Ormerod, general manager: group sales and marketing for Times Media

trying to save on gas and electricity.

When economic conditions do improve, more than half said they would continue to save on electricity and take-away meals, and one third will continue to switch to cheaper grocery brands.

The sluggish global economy leaving many consumers financially constrained, retail sales under pressure and the retail sector undergoing transformation are also highlighted by the *2015 Global Powers of Retailing* report from Deloitte Touche Tohmatsu Limited (DTTL).

"The retail sector is going through a significant period of change," says Vicky Eng, DTTL global sector leader: retail. "The speed of innovation and the disruption being felt across the industry will continue as the demands of customers continue to increase. To succeed in this environment, retailers will need to respond quickly to threats and opportunities, ensuring they are quick to implement innovations of their own.

"This will require a connecting strategy, capabilities and specific initiatives, guided by the insights provided by market data," says Eng.

According to the *2015 Global Powers of Retailing* report, there are five important retail trends that are shaped by the disruptive changes currently impacting the market.

The first is travel retailing, which is re-defining notions of customer base and transforming the role airport retail plays in a company's strategy. Second is mobile retailing, a rapidly growing business that is expected to continue to grow aggressively. Third is faster retailing, which is just what the name implies: speed to market, speed to response, speed to deliver.

The fourth trend is experience retailing, which takes shopping and adds entertainment, emotion, deeper engagement, and sometimes even an entire environment. And finally there is innovative retailing, which responds to market disruption with disruptive creativity of its own.

Ormerod maintains that in such a demanding retail environment, which is characterised by a sluggish economy and rapidly changing consumer purchasing habits, the significance and usefulness of the Retail Awards Survey research has become more important for Times Media's retail clients.

"The results and awards of the survey are handed out in one-on-one presentations, which allow the retailers to gain a strategic understanding from user, non-user and relative-advantage perspectives.

"The one-on-one presentations also allow us to develop our relationships with Times Media's retail-sector clients and share insights, which helps us to offer them diagnostic advertising opportunities that are specifically aligned to their goals and strategies," says Ormerod.

No secret to success

Linda Doke

TENS OF MILLIONS of South Africans associate the name Shoprite with lower prices and affordability. The proof, as they say, is in the pudding – the supermarket chain has won the Grand Prix category for the seventh year running, voted the No 1 grocery store by South Africans every year since 2009.

From humble beginnings in 1979, with the purchase of a small chain of eight Cape-based supermarkets for R1 million, the Shoprite group of companies has flourished over 36 years into the R102-billion business it is today.

Undisputedly the largest food retailer in South Africa, the Shoprite Group operates 1 751 corporate and franchise outlets in 15 countries across Africa and on various Indian Ocean islands, bringing the total number of stores in the Group to 2 111.

As at June this year, more than 22 million South Africans, making up almost 60% of the country's adult population, shopped at Shoprite supermarkets. The retailer's supermarkets collectively serve 930 million customers a year through its tills, equating to more than 78 million transactions every month.

In more simple terms, that means Shoprite serves 84 customers every second of every day.

How the company achieves this over its competitors, consistently,

Shoprite knows price is critical for SA customers

year after year, is simple, says Shoprite marketing director Neil Schreuder: it gives customers what they want – the things they need to buy most often, at a price no one else can match.

"Shoprite's core message is always around low prices. Our strapline encapsulates our commitment: lower prices you can trust, always. It's a promise that has remained unchanged for almost 40 years, and our customers know they can rely on the brand for best prices," he says.

Schreuder points out that it's often preached in marketing textbooks that low-price leadership is not a sustainable competitive advantage, because it is easy to imitate – anyone can simply cut prices. But the reality is that a sustained commitment to lower prices, and being unwavering in that commitment, is a sustainable advantage.

"It's a simple plan, and it works. But it's by no means easy. Few companies can, and will, remain committed to a promise of low prices for 40 years. Retail, particularly low-price retail, is not complicated, but it's difficult to keep consistent through good times and in bad. It's relentless hard work, and it means that everything



Shoprite marketing director Neil Schreuder

BY THE NUMBERS:

- 534: the number of Shoprite stores in Africa (423 of those in SA)
- 77 million+: the number of till transactions every month
- 132 942: the number of people employed by the Shoprite Group (114 984 in SA and 17 958 outside SA)

we do as an organisation focuses on how we can sell things more cheaply to customers than our opposition is able to. It all revolves around how we can take costs out of the value chain and offer the consumer products at a lower price."

Schreuder says price is excep-

tionally important to South African customers. The Shoprite brand has a large chunk of the population in the middle LSM category, which has consumers spending up to 60% of their income on food. The small savings add up, so price is critical.

If price is the most important factor, then having the products in stock comes a close second.

"Transport is the second-biggest component of expenditure for a large number of South Africans, and if people are catching public transport and, in many cases, travelling long distances to get to your store to make use of the low prices you've advertised, you need to be well stocked. Consumers expect two things: low price products in stock, and good service."

Shoprite's biggest challenge is to stay cheaper than the competition. Economic obstacles such as the weak rand and input costs rising affect Shoprite as they do all retailers. What the supermarket has to constantly manage is its costs, ensuring that it can delay or absorb price increases longer than its opposition.

"In 2014, our internal inflation was running at just 4.6%, while official food inflation was 6.8%. For the past three years we've managed to keep a gap of at least 2% on what food inflation is in the broader market versus our prices."

Schreuder is careful to point out that although its strategy remains the same, how it is executed needs

Keeping our prices as low as possible affects the way we source, the way we negotiate, the way we use our economies of scale, how we distribute more efficiently from warehouse to store

to be constantly tweaked in order to keep ahead, as retail changes on an almost daily basis.

"Keeping our prices as low as possible affects the way we source, the way we negotiate, the way we use our economies of scale, how we distribute more efficiently from warehouse to store. We strive to keep abreast of latest technologies and smart logistics, such as ways to improve route planning for our trucks, better management of our distribution centres, deployment of latest technology for more energy-efficient refrigeration, finding more efficient ways of managing things that use electricity, better store design, and careful optimisation of floor space in our supermarkets."

Keeping in the lead is a combination of many factors, but what it all boils down to for Shoprite remains making sure that low price groceries are within arm's reach of South Africa's population, no matter where they are.

Go on, make my day

Mobile can give you an edge – if you have the guts to try

Shana Holidis and Mark Molenaar, TNS

EMPOWERED CONSUMERS, a range of information sources, comparison apps, online shopping, mobile – the proliferation of digital channels and touchpoints, and the ever-changing landscape, can be daunting for retailers nowadays. Change is inevitable, but actually engaging with the digital opportunities out there can be challenging. It requires risk-taking and an understanding of the processes and barriers that can mean the difference between success and failure.

How do people shop? What do we need to know about their needs? How can we provide a great experience and overcome barriers to adoption of new technology and digital initiatives?

In the South African marketplace, much of people's purchase decisions is based on brand affinity, meaning they have already made the decision of brand before they leave the house. When they get to the store, they just want to find the brand they're looking for as quickly as possible. This illustrates two key challenges for retailers: the consumers' decision point was not in front of the shelf, but at home; and it took them time to find what they were looking for.

We all lead busy lives and are time-poor, so if retailers can succeed in making it easier for people to find what they are looking for, it frees up time to consider other things, and they end up buying more. But the same brand-loyal shopper may be undecided in another category, and want to explore the options to make an informed decision, and thus be more open to influence in-store. Retailers need to cater to both mindsets to

maximise the customer experience, and mobile provides the opportunity to do so.

So how do we make shoppers happy? Retailers may be concerned that mobile apps and comparison websites are going to take business away from them. In fact, mobile presents an opportunity to engage with shoppers through the development of an in-store mobile strategy that takes into account the way their target audience uses their phones. This can help to enhance a shopper's in-store experience.

Shoppers are broadly looking for reassurance on price and suitability, so if the retailer can help to save them time, money and angst, they are more likely to complete their purchases in store – making all relevant information available in real time, providing location-based services that deliver coupons when they pass a relevant product in-store, improving in-store navigation to find products quickly.

Using mobile to bring social into store can drive greater customer engagement and enable peer-to-peer reassurance on purchase decisions. C&A Brazil adopted this by displaying the number of likes that each clothing item has via digital displays on clothes hangers. American pharmacy chain Walgreens uses a special camera to add a detailed 3D view to in-store maps in every store. The information is merged with retailer floor plans and data to show where specific products are located on shelves. Shoppers using the app to navigate their local shop are served with highly contextual discounts on items as they pass by.

In order to accomplish the above, barriers to the use of mobile devices and apps need to

be removed. Making Wi-Fi available in-store removes the limitation of data, as data costs can inhibit people from making use of benefits and apps. Especially in the South African market, purchase channels and enhanced in-store experiences and rewards need to be available across all mobile devices.

Make the mobile component as effortless as possible – too many steps involved mean that the consumer is unlikely to use this again, or even finish the task.

Mobile and social engagement need to be properly planned and implemented, and constantly managed to ensure a consistent and satisfactory customer experience. This includes promotion of benefits, customer education and assistance, and rewards to encourage adoption.

Within the local retail environment, we have seen some of this evolution. Last year, Pick n Pay and MTN in partnership launched Mobile Money, which brought free money transfers and simple, low-cost banking to South African consumers. Customers are rewarded with an additional 10% airtime when they top up at Pick n Pay and Boxer stores.

In 2013, local fast-food chain Hungry Lion used a mobile coupon campaign to raise brand awareness and encourage store visits. Over a million mobile coupons were redeemed via various platforms selected by the consumer. Recently, Ogilvy came up with the idea for Cashbuild to hand out a pocket-sized Z-CARD® to its employees, for use as a dynamic tool to assist customers with all of their DIY needs.

The tools, the potential are there; all that remains is the courage to try. Be brave!

Methodological note:

A TOTAL OF 2 744 ADULTS aged 18 years and older were interviewed – 2 000 in the metropolitan areas and 744 in non-metropolitan areas of South Africa. The final results have been weighted to represent the population according to StatsSA 2014 mid-year population estimates.

The survey uses three questions to determine a retailer's *relative advantage* against competitors.

1. Retailers used within a defined time period (this period differed for each category).
2. Retailers with which people were familiar enough to rate them on a 10-point scale.
3. The actual rating of all of those retailers on a 10-point scale.

These provide an understanding of the retailer's penetration in the market, while also examining its relative strength among its users and its relative attraction among non-users. An index score for each retailer is derived from these questions and takes into account the actual usage of a retailer in a specified time period, the rating it receives from its users relative to others in the category, and the rating it receives from those non-users aware of it, also relative to competitors in the category. The non-user rating carries only half the weight of the user rating in the final algorithm.

A winner occurs in one of three situations:

1. If it is big AND rated above average by both its users and its non-users.
2. If it is truly big but perhaps only rated as average by its users and non-users.
3. It is smaller but very well loved by its users and is strongly aspired to by its non-users.

The final index can be thought of as the retailer's standing in both the marketplace and in people's heads.



ITS WHAT WE'RE MADE OF

We believe that every thing we do helps to build South Africa. From the smallest bolt to tools, paint and hardware, our first task is to deliver quality at the lowest price. But, we also grow small businesses, stimulate local manufacturing, improve facilities at local schools, as well as create employment in our communities. We do this while growing value for all our shareholders.

That's what makes us so proud that South African consumers have voted us South Africa's favourite specialist hardware and building store. Siyabulela, South Africa.

Cashbuild
LOWEST PRICES ON QUALITY BUILDING MATERIALS, TOOLS, PAINT AND HARDWARE

Once more bearing fruit

There's something truly South African about a Naartjie

Linda Doko

FROM ZERO to almost hero in a single year is pretty good going, particularly for a brand that has recently been rescued from bankruptcy. Naartjie Kids clothing brand has hopped into third place in the Kids and Baby Clothing Stores category, as a new addition this year, beating big names such as Jet, Baby City and Edgars.

Born out of nothing but passion, Naartjie Kids was the brainchild of Capetonian designer and mother-of-three Anne Eales, who designed and produced kids clothing from her garage in Llandudno.

Designed for ages 0 to 12, the Naartjie label had a unique look – it was high-quality, fun, cheeky, relaxed and casual, and demand for the clothing skyrocketed. In 1992 the brand launched in Cape Town's newest shopping centre, the V&A Waterfront, and soon after that it went nationwide.

In 2001 the brand was bought by US investors, and over the next decade more than 50 Naartjie Clothing stores opened across the USA. All did not remain rosy, however, and in 2013 the company filed for bankruptcy, the stock went on sale, and the brand was in trouble.

In 2014, Truworths stepped in.

Eager to become a dominant player in the ever-growing children's wear market, Truworths saw in Naartjie an opportunity to rekindle a much-loved, home-grown South African heritage brand. The retail giant purchased Naartjie for an undisclosed sum, and has been strategically planning the brand's successful revival.

We're really focusing on making sure we know and understand Naartjie's DNA; we're working on strategies to retain and enhance that DNA

Truworths CEO Michael Mark confirms Naartjie Clothing is now fully integrated into Truworths, its financial woes are in the past, and the business is run no differently from any of the other brands within Truworths.

Yet Truworths is determined to retain the unique DNA of the brand, while offering it to the three million credit and four million non-credit customers of Truworths.

Mark is confident that being part of the Truworths stable will give Naartjie Clothing a positive future.

"When the Naartjie brand was stand-alone, it was short of money, lacked buying power, and had none of the leverage that a large company can deliver. Being part of Truworths will bring the brand tremendous opportunity, and we're confident in its growth."

Over the next two years the group will be opening more than 100 Kids' Emporiums across the country, exclusively selling the Naartjie, Earth Child and LTD Kids brands, and mostly contained within the larger Truworths emporium. The Naartjie label targets ages 0 to 12, Earth Child 0 to 10 years, and Ltd Kids is for 2 to 14-year-olds.

The challenge Mark faces will be an offshoot of Naartjie's predicted growth: how to ensure that the brand retains the individuality, the unique DNA for which it is so loved.

The distinctive "washed-out" look and feel of the fabric used in Naartjie clothing plays a large part in why the brand is so

popular. Sourced and manufactured in Mauritius and Madagascar, the cotton goes through a careful process of over-dyeing, which gives it the characteristic stonewashed, soft-worn appearance.

"Keeping the authenticity of the Naartjie brand as its market differentiator is something we know we will need to work at constantly. The risk of the brand losing its special uniqueness because of its becoming part of a far larger entity is one we at Truworths are well aware of – we cannot allow it to become 'another' Truworths label and lose its identity."

"For this reason, we're really focusing on making sure we know and understand Naartjie's DNA; we're working on strategies to retain and enhance that DNA, and on ways to incorporate it into our Kids Emporium with the two other brands without detracting from the essence of what it is."

Mark sees Naartjie Clothing as a key component of Truworths' short and long-term plan, particularly going into Africa.

"The Truworths Group has about 50 stores outside South Africa, and we plan to roll out another 200 during the next five years. Most of them will stock the Naartjie label," he says.



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It was over 40 years ago, that we first promised lower prices. And today, we're still keeping that promise, and always will. We're honoured and humbled to be voted your favourite supermarket again.

LOWER PRICES

SHOPRITE

LOWER PRICES YOU CAN TRUST *Always*

Cashbuild's domination of the Specialist Hardware or Building Stores sector has seen it achieve Grand Prix status as one of South Africa's top retail brands

James van den Heever

SOME BUSINESSES are like meteors, rising swiftly to great heights and, just as quickly, tumbling to the ground. A rarer breed combines steady growth with endurance over time. This kind of success is built on many factors, as evidenced by Cashbuild's long run as a leading player in its sector.

Founded in 1978 as a building materials wholesaler catering to the lower-LSM market in King William's Town, Cashbuild was listed on the JSE in 1986. In 1995, the Cashbuild we all know came into being with the decision to move out of wholesaling into retail. It now has 223 stores and 10 DIY pilot stores. Its turnover currently stands at R7.7 billion, based on more than 15 million customer transactions. It also operates in Botswana, Lesotho, Swaziland, Namibia and Malawi, with planning for a Zambian launch in advanced stages.

The foundation for Cashbuild's success is, first and foremost, that it operates in a growth sector.

"Improving your home is a key concern for all consumers – after all, it's usually the basis of a family's

prosperity, as well as being a reflection of its self-image," observes Werner de Jager, CEO of Cashbuild.

Independent analyst Syd Vianello agrees, saying that he has been surprised at the strength of the home improvement market over the past few years, across all market segments. He predicts that this strength is likely to persist, especially at the lower end, which is Cashbuild's target segment. In particular, he believes Cashbuild will benefit from government spending on rural infrastructure, much of which is going to small-scale contractors.

"They are going where they can get good prices and service," Vianello observes.

Cashbuild's "send a house home" service stands it in good stead here, as it allows people working in urban centres to order and pay for ma-

terials where they work, for delivery at "home". In this way, Cashbuild is slowly enabling the kind of capital investment that is the bedrock of a solid and prosperous society.

This market sector, as one might suspect, is price-conscious. Less obviously, perhaps, it's also extremely focused on quality. It's this combination of price and quality that underpins the strength and longevity of the Cashbuild brand.

"We've built ourselves into a trusted brand in our target communities over many years," De Jager says. "For the lower end of the market, getting the right quality is paramount, because it's important that improvements don't have to be redone – they value the certainty that what they are buying will last and is fit for purpose."

A key part of Cashbuild's strategy

is to maintain a uniform look and feel for all of its stores. The conventional store is 1 200m², with the same goods in each of the six aisles – a far cry from your friendly local supermarket, which loves to move things around in the hope that, in the process of tracking down the Marmite, you will decide to give the new cereal brand a try.

Vianello sees this focus on offering the best prices, stocking the products that customers want and ensuring a consistent store layout as an essential discipline that Cashbuild must follow. "The current management team has renewed this focus after letting it lapse, and we are seeing the results in the numbers – the customers are coming back."

Cashbuild builds its deep customer insight through developing strong ties with local communities.

CASHBUILD BY THE NUMBERS:

Cashbuild has 223 stores, with 15 million customer transactions. Trade customers make up 40% of Cashbuild's customer base (70% of value), while 60% are retail customers.

In a year, Cashbuild sells:

- 17.2 million litres of paint
- 217 million bricks and blocks
- 25.5 million bags of cement, making it South Africa's biggest retailer of pocket cement
- 2.4 million m² tiles
- 71 000 wheelbarrows
- 43 000 power tools

One brick at a time



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A changing dynamic

Alf James

THE USAGE for Specialist Electronic, Computer and Gadget Stores has dropped by 7%, despite increased user ratings for stores such as Hi-Fi Corporation, Dion Wired, Incredible Connection and Electric Express. The addition of retail stores such as Game and Makro has changed the dynamics within the category – they came in first and third respectively, both with above-average user and non-user ratings. Game has 16% usage, the highest in the category.

Mark Turner, Game marketing and customer director, says although the retailer trains its store salespeople and provides customers with as much information as possible to empower them to make informed purchase decisions, consumers typically research technology online and come to Game once they know what they want, because they trust that Game will sell them the items they want at the best possible prices.

The impact of online research by customers is confirmed by Makro CEO Doug Jones. “With the proliferation of pricing and content information regarding products online, our buying team is constantly ensuring that we offer the right mix of products, but we are also ensuring that these tech-savvy customers have different platforms to engage with us. Hence, Makro Online is already attracting an audience 10 years younger than the customers who purchase in store.”

Stefan Marnewick, CEO of Incredible Connection, adds that although some of the store’s products are available from other competing general retailers, online stores or even, in some instances, the local bank, Incredible Connection’s brand stands out from the rest because of incredible service and technology solutions, coupled with a wide variety of exceptional products, biggest brands, convenient store locations and, most importantly, after-sales support.

Many of DionWired’s products won’t be found in general merchandise stores, according to director Nazim Cassim. He says the store differentiates itself by delivering a more premium selection of products at affordable prices.

“We turn the very complicated world of technology into a very simple process for our customers. We source the best products from leading brands around the world, and present them in a way that’s easy to understand and custom-fit to trending lifestyles,” Cassim says. “It always comes back to our customers. We are focused on delivering the whole package, making sure every step is tailored to their needs.”

Turner says the specialist retailers have certainly changed the landscape for big retailers such as Game.

“Traditionally, customers evolved from shopping in expensive department stores to shopping in discount retail stores. When the specialists came along, customers started to shop by category, rather than opting to buy everything at one store.”

However, he says, with its buying power, Game can afford to offer customers some of the biggest brands at prices that make it difficult for specialists to compete.

“As a discounter, we understand that our product volumes are critical to suppliers and, as a result, we are able to demand the best prices, which then translate to savings for our customers. We do not lead when it comes to technological innovations; we only commoditise desirable innovations and technological trends,” says Turner.

There are fundamentals that never change, according to Jones. “Customers want great service and the best product at the best price, and Makro strives to give them that always,” he adds.

Marnewick emphasises service and range of products on offer as Incredible Connection’s strength as a specialist retailer. “Our in-store sales and technical staff are continuously being upskilled and

Service and price still rule, even for the tech-savvy

trained to ensure we offer our customers the highest level of technical advice and support available in retail throughout South Africa.

“We believe that we do not only sell IT products, but rather technology solutions based on the needs of our varied target audience.”

Cassim contends that, although the shopping behaviour of South Africans is a few years behind that of Europe and the US, DionWired is already seeing the shift in shopping behaviour because of web access from mobile devices and personal computers.

“DionWired is an omni-channel business model. Our customers often spend time on our website finding the items they need. All our products have third-party reviews and product info, which assists them at this important stage.

“DionWired then gives them the choice of purchasing the item straightaway online or visiting their local DionWired to experience the product in our stores.

“Even though online shopping is growing exponentially, you can’t beat a hands-on experience and personal service when shopping for important items. That’s the beauty of omni-channel retail,” says Cassim.

GMS0109



Edgars

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MEN'S & WOMEN'S CLOTHING & SHOES
AT THE TIMES AND SOWETAN RETAIL AWARDS

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To apply bring in your last 3 months' payslips or bank statements.

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now!



pay
Later!

Savvy South African shoppers say these retailers have their fingers

TNS

On the pulse

Retail Grand Prix Award



WINNER

SHOPRITE

- | | |
|---------------|-------|
| 2. Pick n Pay | 74.03 |
| 3. Edgars | 72.76 |
| 4. Clicks | 71.31 |
| 5. Woolworths | 71.17 |

Grocery Stores

WINNER



SHOPRITE

- | | |
|--|-------|
| 2. Pick n Pay (Supermarket/ Hypermarket/ Family Store) | 74.03 |
| 3. Spar/KwikSpar/Super Spar | 67.76 |
| 4. Woolworths | 65.35 |
| 5. Checkers/Checkers Hyper | 63.85 |

Home Accessories and Décor Stores



WINNER

sheet•street
loving your home!

- | | |
|------------------|-------|
| 2. Woolworths | 62.66 |
| 3. Mr Price Home | 61.39 |
| 4. Boardmans | 58.05 |
| 5. @Home | 56.03 |

Household Appliance Stores

WINNER



oome

- | | |
|----------------------|-------|
| 2. Clicks | 58.00 |
| 3. House & Home | 57.64 |
| 4. Makro | 56.43 |
| 5. Hi-Fi Corporation | 56.38 |

Jewellery Stores



WINNER

STERNS
— THE JEWELLER —

- | | |
|-----------------------|-------|
| 2. American Swiss | 57.17 |
| 3. NWJ Fine Jewellery | 51.88 |
| 4. Browns | 46.26 |
| 5. Galaxy & Co. | 46.05 |

Kids and Baby Clothing Stores

WINNER



W WOOLWORTHS

- | | |
|--------------|-------|
| 2. Ackermans | 64.63 |
| 3. Naartjie | 60.81 |
| 4. Edgars | 60.57 |
| 5. Baby City | 56.19 |

Liquor Stores



WINNER



- | | |
|-------------------------|-------|
| 2. Pick n Pay Liquor | 59.10 |
| 3. Shoprite Liquor Shop | 55.94 |
| 4. Liquor City | 55.57 |
| 5. Makro Liquor | 54.93 |

Men's Clothing Stores

WINNER



Edgars

- | | |
|---------------|-------|
| 2. Woolworths | 66.64 |
| 3. Truworths | 65.68 |
| 4. Markham | 62.95 |
| 5. Mr Price | 60.84 |

Online Stores



WINNER

W WOOLWORTHS

- | | |
|-------------------|-------|
| 2. PicknPay.co.za | 57.56 |
| 3. Kalahari.com | 49.01 |

Shoe Stores


WINNER




Edgars

- | | |
|----------------|-------|
| 2. Spitz | 65.34 |
| 3. Woolworths | 65.23 |
| 4. Green Cross | 55.05 |
| 5. Jet | 52.57 |

Specialist Bed Stores




WINNER




You're the Difference

2.	Fair Price	57.66
3.	House & Home	56.74
4.	OK Furniture	55.72
5.	Lewis	55.51

Specialist Entertainment Stores



WINNER



MUSICA

2.	CNA	53.83
3.	Shoprite DVD/CD Section	50.95
4.	Look & Listen	50.21
5.	Pick n Pay DVD/CD Section	45.24

Specialist Hardware or Building Stores




WINNER




2.	Build It	56.45
3.	Builders Warehouse	53.55
4.	Jack's Paint & Hardware	51.93
5.	Mica	51.51

Specialist Pharmaceutical Outlets




WINNER




2.	Dis-Chem	59.42
3.	Medirite (Shoprite/Checkers)	55.97
4.	Pick n Pay Pharmacy	45.45
5.	Spar Pharmacy	41.60

Telecommunications Stores




WINNER




2.	MTN store	61.52
3.	Vodacom shop	56.00
4.	Vodacom4u	53.42
5.	Edgars	51.14

Wholesalers



WINNER



2.	Metro Cash & Carry and Metro Hyper	54.47
3.	Africa Cash & Carry	50.92
4.	Jumbo Cash & Carry	50.18
5.	Kit Kat Cash & Carry	48.76

Specialist Electronics, Computer and Gadget Stores



WINNER



2.	Incredible Connection	53.43
3.	Makro	53.24
4.	Hi-Fi Corporation	50.36
5.	Electric Express	46.71

Specialist Furniture Stores




WINNER




Your Two year guarantee store

2.	OK Furniture	57.71
3.	Russells	57.41
4.	Bradlows	56.85
5.	Lewis	54.69

Specialist Health, Beauty and Fragrance Outlets




WINNER




2.	Dis-Chem	59.41
3.	Red Square	47.74
4.	Truworths	44.26
5.	JetMart	43.62

Specialist Sports and Outdoor Stores




WINNER




2.	Sportscene	58.44
3.	Edgars Active	55.54
4.	Studio 88	51.91
5.	Mr Price Sports	49.80

Tyre and Auto Fitment Centres




WINNER




2.	Mr Exhaust Mr Tyre	55.72
3.	Hi-Q	55.36
4.	Speedy	50.35
5.	Dunlop Zone	50.32

Women's Clothing Stores



WINNER



2.	Woolworths	71.17
3.	Mr Price	66.22
4.	Truworths	65.96
5.	Foschini	55.91



Cara Bouwer

Doing it for the girls

Exact makes its mark in a very powerful – and competitive – category

South African shoppers. Indeed, a recent AT Kearney report (2015 African Retail Development Index) made particular note of this growing segment, saying: "A recent study by the Economist Intelligence Unit found that institutional investors now regard Africa's emerging middle class and its growing consumerism the most attractive aspect of investing in Africa, more so than its commodity wealth."

Nikki Crous, senior marketing manager for Exact, explains that the LSM 5-8 consumer is looking for value for money, but this doesn't mean she'll necessarily take the cheapest option. "She is looking to shop for the entire family and, at Exact, she is able to dress her family and herself in great-value contemporary fashion at an unbelievable price."

Crous believes Exact has struck the right balance in the current sluggish local economy, where women are trying to accommodate both their budgets and their tastes. "We've found the right balance in offering our customer a trend-appropriate range teamed with great-value everyday essentials," she says.

Crous stresses that it is essential to be in step with ever-changing consumer needs. Considerations such as store location, clothing ranges, quality and in-store service are, therefore, very important for the brand, she says. "We operate in a

very competitive market, and being in tune with the market and our customers' needs allows us to offer a convenient shopping experience with the right product, at the right price."

Indeed, highlighting just how competitive the market is, results of the Retail Awards Survey came out just weeks after Mr Price Group shares plummeted to their lowest level in 14 years on the back of low consumer confidence levels, disappointing sales for April and May and, said the group in a statement, "some poor fashion calls".

Mr Price's No 3 ranking does, however, show that the brand is still in favour with consumers, essential insights for any retailer.

As Exact's Crous adds: "With these insights we are able to better understand the market and what our customers' needs are. These insights have far-reaching influence across our business and are invaluable to us."

Top-placed Edgars also notes the importance of such research, with an Edgars spokesperson commenting: "Edgars partakes in many surveys and market-research projects on an ongoing basis to keep abreast of our customers' needs. A survey like *The Times/Sowetan Retail Awards* is an excellent opportunity to learn more about what our customers enjoy about the Edgars shopping and brand experience."

Marketing to women shoppers

An interesting trend to watch in the Women's Clothing Stores category is how brands are communicating with consumers.

According to Edgars, the brand has found success with a multi-channel approach, "including broad-reaching media, such as TV and radio, as well as through in-store visual, website, email newsletters and social media, to communicate our fashion and promotional messaging".

This approach is similar to Exact's in-store and social media drive. Explains Nikki Crous, senior marketing manager for Exact: "We focus our marketing activity predominantly on delivering appealing and engaging windows, and a great in-store experience. We're also very active on social media, where our digital strategy is to add value to the lives of our both our Facebook and Instagram fan base."

Where Edgars is pushing the marketing boundaries is by co-producing an original reality show called *She's The One*, which provides a platform for 13 women to build their personal brand and transform their careers. "In its second season, the show has successfully reached out to South African viewers who enjoy watching the ups and downs of a group of driven, go-getter women, while getting insight into the hottest trends, key items and brands from Edgars, along with fashion advice," says the company.

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HANKOOK VENTUS V2 CONCEPT 2 H457	
195/65 HR 15	R 875
CONTINENTAL PREMIUM CONTACT 2	
175/65 HR 15	R 995
YOKOHAMA BLUEEARTH	
195/60 HR 15	R 995
MICHELIN ENERGY SAVER+	
205/55 VR 16	R 975
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THE WORLD OF RETAIL, for the most part, is cut-throat, and those that lose their competitive edge soon lose market share. Over its 36 years, Dis-Chem has gone from strength to strength; as founder and CEO Ivan Saltzman acknowledges, "our customers keep us on our toes". With nearly 100 stores open by the end of the year, that is quite a business.

Dis-Chem was founded in 1979. How did it all begin?

I started with my wife, Lynette, shortly after we both graduated as pharmacists, by buying an unremarkable pharmacy in the southern suburbs of Johannesburg. It was very small, both in size (75m²) and turnover, even by 1978 standards. Against the advice of the accountants, I bought it as I saw the potential; I was impatient to get started and it was going cheap.

In 1984 we eventually got an opportunity to go into a brand-new mall in Randpark Ridge, where we had a bigger store. This gave us the scope to start putting some of our innovations, including pharmacy discounting of medicine, extending range and discounting everyday personal goods, and beauty products into practice. The rest is history.

Not everyone appreciates the size and scale you have achieved. Can you share some numbers with us?

98 stores by December 2015. Over a million scripts dispensed a month; about one in every six scripts dispensed in the country is filled at a Dis-Chem pharmacy.

Pharmacy is a key word in your life, but have you outgrown that? Absolutely not. Pharmacy is the

The right medicine

Dis-Chem CEO Ivan Saltzman talks to Jeremy Sampson

heartbeat of our business, unlike other chains that added a dispensary to their original offering. Despite our size, we try to follow the ethos of the community pharmacy by stocking all of the products the community may need from a pharmacy, and offering a good service.

Dis-Chem appears to be going from strength to strength when many in retail say it is very tough out there. What is your secret?

It's not a secret; we try to give the customer what they want, and cater to their everyday and speciality needs, always bearing in mind quality, affordability, value, availability and service where needed.

How do you see your business changing in the immediate future to remain relevant?

Our customers keep us on our toes. The customers are ever-changing. We hope that we are giving them more than they expect. The world is getting smaller and we keep up with what is happening internationally.

Organisationally, technology is becoming more and more essential in containing prices. This is essential for us to remain competitive. This also helps to streamline the supply chain, resulting in reduced costs, better efficiencies and customer relations via social media. Digital and online marketing is constantly improving. To rest is to rust.

With the health and wellness debate alive and raging, your thoughts on salt and sugar, and possible new restrictions on alcohol and tobacco advertising...

This is the burden of disease debate – lifestyle and non-communicable diseases such as diabetes, hypertension, cholesterol and cardiovascular (silent killers) brought on, to some extent, by the abuse of alcohol, tobacco, salt, sugar, and lack of exercise. Dis-Chem is well placed to assist here.

The role of pharmacy has evolved from not merely dispensing medicine, but to helping patients manage their illness and their health, with advice through our network of clinics and clinic sisters. Generally, Dis-Chem is there to keep patients as healthy as possible, to manage health as opposed to manage illness. Because of these concerns, we have gone bigger on food that is "free from" gluten, lactose, etc. We even have an exclusive cosmetic range that caters to hypersensitive and intolerant skin.

Does the world of fashion impact on your business?

Very much so. We keep up with local and international trends in the health and supplement industry, eg Banting-friendly, in the colour cosmetics and treatments, with all of the latest global looks and innovations, fashion sunglasses and hair acces-



Ivan Saltzman

sories for every new season. It's marketing 101: having the right goods at the right price at the right time. We pride ourselves on being leaders in the industry.

Tell us about the Dis-Chem Foundation.

The Dis-Chem Foundation was established to give back to the community in which we work and live. The foundation is part of the benefit loyalty programme, and the income for the foundation is generated by donating a percentage of the benefit programme customer purchases. Customers benefit as they earn loyalty points on all items bought in the

stores outside of prescription medication. They can then exchange the loyalty points to pay for subsequent purchases.

The Dis-Chem Foundation is well known and is inundated with requests from communities throughout South Africa. At the moment we are running a huge campaign involving multiple media partners, including Independent Newspapers and Primedia, called "A Million Comforts", where we aim to donate one million sanitary towels to young women and give them the freedom to stay in school. The foundation is active in food sustainability and food nutrition, and has set an example by establishing a huge food garden based on organic principles at our Midrand Head Office.

If you had the ear of government, what one change you would ask for?

The government is definitely underutilising the private sector in healthcare delivery. The problem of availability of medicine is well known. Although there are very committed people in the government sector doing their best, they should acknowledge that their system has shortcomings, and the private sector would be very willing to co-operate for the benefit of all South Africans, bringing with it savings, which could be used elsewhere, and efficiencies.

What are you most proud of?

My children all live near me and are very successful.

What keeps you awake at night?

Nothing – after a full day, I sleep like a baby.

SA'S TOP CELLULAR STORE

Thank you for your votes



Liquor City's
Leonardo
De Atouguia

Say cheers!

SA consumers are getting more than a taste for Liquor City and Checkers LiquorShop

Gaye Crossley

SOUTH AFRICAN DRINKERS (those aged 15 and above) consume on average around 27.1 litres of alcohol per annum. South Africans, according to the World Health Organization, are the biggest consumers of alcohol in Africa; their per capita average of 8.2 litres per annum comes in above the world average of six litres a year.

Two companies winning consumers' hearts, according to the 2015 Retail Awards, are Liquor City and Checkers LiquorShop. Liquor City, which ranked eighth last year, climbed to fourth in this year's rank-

ings. Checkers LiquorShop joined sister company Shoprite LiquorShop in the top 10 for the first time, taking ninth place.

These two outlets share a number of common strategies when it comes to boosting customer appeal. They both believe in stocking good ranges at good-value prices. Checkers, for example, has introduced its House of Fine Whisky, which includes a range of premium whiskies, at what it calls "supermarket prices". This range includes a hand-selected collection of single-malt whiskies under the Private Barrel Co brand.

Along with its whisky offering, the

chain has also adopted a strategy of supplying premier wines into the market. Neil Schreuder, Shoprite Checkers marketing director, says: "Checkers has become synonymous with a large offering of over 80 leading estate wines at cellar prices, and international wines of the world from 10 top wine-producing countries."

Liquor City has also chosen to focus on a more select product offering alongside the popular favourites. Liquor City's Leonardo De Atouguia says: "We've sourced exclusive internationally recognised, highly regarded and award-winning brands for South African consumers."

Both stores are also strategically focused on becoming more attractive to the country's female market, which they believe is vital for future success. Schreuder says: "A critical success factor [for us] has been a deliberately more welcoming, upmarket store experience which is more comfortable and inviting to female shoppers than traditional bottle stores."

Liquor City is adopting a similar approach. "We were the first group to modernise the look and feel of a liquor store, making it more appealing to the female consumer who may have felt insecure entering dark liquor stores in the past," says De Atouguia.

A key marketing strategy for Checkers LiquorShops is targeting higher-LSM shoppers. Schreuder explains: "Checker LiquorShop primarily targets the same customers as the main supermarket Checkers brand, namely customers in the LSM 8-10 segment, [who are] time-pressed, higher-income." Shoprite targets lower-LSM groups through Shoprite LiquorShop. Although, across the board, the group's philosophy is always to keep supplying popular

products at more affordable prices.

Checkers and Checkers LiquorShop are also working to take their relationship with the higher-LSM customers to a new level, by becoming exclusive grocery partners to FNB's successful eBucks rewards network. "The partnership has been successful and had a positive impact on the overall business, including the liquor offering," says Schreuder.

Liquor City's strategy, meanwhile, is to reach out to the man in the street and build personal customer relationships. De Atouguia notes: "We don't look at LSM groups specifically. We try to identify with our customers more intimately. Our philosophy is one that encourages friendships between managers and customers in order to become the liquor store of choice for knowledge and product advice."

This philosophy has also seen Liquor City adopt a franchise model that sees over 50% of its stores owner-run. Franchising is a vital part of the company's corporate strategy. "We don't see this as being important more than we see it as being a necessity," suggests De Atouguia. "With the growth of convenience liquor stores inside supermarket entrances, many independent stores located away from the anchor tenants end up closing because they cannot match the supermarket liquor store in the same centre."

"The ability of a supermarket to cross-subsidise profits from (washing powder) OMO (and other grocery products' rebates) to cover below-cost liquor sales places an independent trader on the back foot. We identified this problem and try to support the independents by welcoming them into our stable to benefit from our unique offerings."

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If the shoe fits

Green Cross's climb in an otherwise stable category can't go unnoticed

Kate Sidley

THIS IS A MARKET where a customer can choose to pick up a cute pair of fashionable flats at a cheap-and-cheerful store for under a hundred bucks, or head for a high-end outlet and splash out a couple of thousand rand for an imported pair from an international luxury brand. And both of these options – and everything in between – are represented in the Shoe Stores rankings this year.

Once again, Edgars topped the category (as it did in women's and men's clothing), and Jet and Woolworths maintained their presence in the top five. However, despite the difficult economic times and the wide availability of very inexpensive footwear, this year's results indicate that specialist retailers offering premium products seem to be gaining rather than losing ground.

Spitz is one example of a store offering a premium-priced offering that is performing well in the rankings, moving from third place to second (nipping in ahead of Woolworths, last year's No 2).

The big mover in this category, however, is Green Cross, which has leapt from eighth place to fourth in the rankings this year. Not only has awareness of the brand increased, but brand ratings are up among users and non-users alike.

"The brand has clearly undergone a transformation in the eyes of the market in the past year. In 2014 Green Cross brand ratings were below the market average, but an improvement in user ratings, and a significant increase in aspiration towards the brand among non-users, has strengthened its competitive position," says Peter Storrar, client director at TNS.

If the brand is able to manage critical "market factors" appropriately (such as pricing and distribution), this position of strength relative to the market average should translate into more traffic and more sales.

Green Cross has built a business in a very specific niche: comfort footwear. Green Cross shoes are orthopaedically designed to support the bones and muscles of the feet.

However, in our fashion-conscious, shoe-crazy world, not everyone wants to wear a shoe that looks as if it's been orthopaedically designed. Green Cross aims to straddle that divide by designing fashionable, stylish shoes that don't compromise on comfort.

Green Cross has a broad distribution model, supplying through shoe stores, pharmacies and health shops, as well as its stand-alone branded stores. The distribution network extends beyond South Africa, as far afield as Kenya and Mauritius. The range is broad, too, including babies' sandals, school shoes, ladies' sandals, courts and slingbacks, men's shoes and sandals, athletic shoes, handbags and belts, as well as a range of shoe care and foot care products.

In any fashion business – and in the shoe business, in particular – the arrival of new styles every season keeps customers coming back. But with customers likely to be fickle, looking for fashion appeal, this is a market where retailers really need to be a step ahead.

Andrew Gillingham

IDENTITY HAS BECOME a leading South African fashion brand since it was established by Truworths back in 1999.

Michael Mark, CEO of Truworths, says: "At the time we had no idea how successful the Identity brand would prove to be. When we launched Identity, we had already seen the international value retail trend developing, with players with extremely successful international brands taking a value stance, such as Gap creating Old Navy. We decided that was a good idea, and we started Identity."

According to Mark, the company didn't have a goal in terms of sales targets, but it did have a clear philosophy as to what it expected the brand to do. However, this approach – targeting value – initially proved less successful than the company had hoped and, as a result, the brand took a significant evolutionary step.

"Over the years Identity changed, and it became a young fashion-focused business that also offers excellent value and quality to customers. As we shifted more towards a fashion brand, so we added more detail into our products, quality improved and products became a bit more expensive, but nevertheless really good value."

"We used our Truworths understanding and philosophy to help us make Identity into a more exciting trendy fashion brand that was also very well priced. Identity shifted to become a 'fashion first, price and quality second' brand, and this became the mantra that guided the brand," Mark says.

The success of the move is amply



Express your individuality

Identity treats men the same as women when it comes to fashion, and it's paying off

illustrated by the way in which South Africans have taken the brand into their hearts and wallets. Today, Identity adds almost R2 billion to Truworths' annual sales.

While fashion is the focus, Identity is run as a frugal business to ensure that value is maximised; expenses are trimmed to the bone and its "no advertising" stance means that the brand has grown through word of mouth, excellent windows and real estate, rather than through traditional marketing.

"Identity's customers are the very trendy and fashion-conscious

16 to 24-year-olds, although we find the 'young at heart' shop at Identity irrespective of their actual chronological age. Therefore, while we are very value-conscious, we are also insistent on exciting fashion merchandise, sold in young and vibey stores that are very well located, to serve our customers," Mark says.

The formula is working. In addition to the major contribution the brand makes to Truworths' bottom line, it has expanded its footprint over the past 16 years to 230 stores spread around the country.

Identity's approach to its stores illustrates the level of commitment Truworths has had to the brand since the beginning. Instead of opting for a lower cost and less risky strategy of having boutiques in its Truworths stores, Identity had its own stand-alone independent stores, entirely separate from Truworths, from the start.

"It was not an easy decision, but it seemed clear that putting the Identity brand in Truworths stores would not work for us. We didn't want to give confused messages to our Truworths customers and make them feel we were trying to change the nature of Truworths from its premium aspirational positioning."

"At the end of the day, it all worked out well. We bought the Identity name from another retailer and we were able to give the brand a real boost when we took over 10 stores from that retailer."

"That really helped increase our sales volumes," Mark says.

South African men have historically been less interested in fashion than the women. But this has changed. "We always treat men the same as women when it comes to fashion, and today there is no doubt that men, particularly 'youthful' men, are as fashion-conscious as women. They may like different fashion trends, but both genders are keen fashion followers who love the latest trends," Mark says.

Keeping up with very knowledgeable and very aware customers is no easy task. South Africans have taken to social media in a big way and they are in constant touch with every tremble on the global fashion grapevine.

As a consequence, South Africans

no longer accept last season's fashions. Instead, they follow the international fashion trends and they expect their stores to be ahead of the curve at all times.

"We have to be completely up-to-date. However, South Africans will not simply adopt overseas fashions, and international trends need to be interpreted and redefined to fit in with South African lifestyles and tastes."

"South Africans do not slavishly follow fashion trends; fashion has to be adapted to their sense of style, categories of product and colour. If, for example, skinny denim jeans are in fashion overseas, they will also be fashionable here in South Africa, but other products will often take a somewhat different look and feel to those displayed on international catwalks," Mark says.

He adds that social media's role in South African fashion is particularly strong in Identity's market, and it has become critical in interacting with young South Africans.

Complicating the fashion trends is the fact that Identity's customers are also very price-aware, and hitting the right price points is simply non-negotiable. Getting it wrong can mean stock sitting on racks, while success means happy customers and high stock turn.

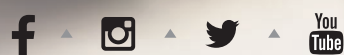
"Fashion is our major focus, but we have to get the price right. There is an incredibly strong correlation between trendy fashion and price in our market. It has to be the right fashion at the right price, and always with excellent quality. The relationship between price and fashion is literally one of the main challenges that faces every retailer in the world."

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