

## MARKETING AND ADVERTISING



Consumers shopping at Shoprite, Lagos

## Shoprite's Chances in Lagos' Congested Superstore Business

By Tunmise Adekunle

Since the announcement that Shoprite Retail Supermarkets was coming to Nigeria, there have been promises. It will bring to Nigeria world class shopping experience. Shoprite will offer fresh and world class quality food at all times in various departments including: bakery, deli, butchery, small appliances, fruit and vegetables. And that Shoprite will bring to Nigeria world class brands including checkers. These are few of the promises.

At last the much talked about Shoprite outlet was opened on December 16, 2005 in Victoria Island area of Lagos State. Located at the Palms Retail Center Site by Lekki Expressway, the place has been beehive of activities. The launch which was supported by partners including: Coca Cola Bottling Company, Nestlé Nigeria Plc, Dangote Group, among others appears to be an edge and another cause of attraction.

Consumers are already enjoying the shopping experience including buying roasted chicken, snacks- all prepared fresh, in good quality and at lower prices compared with fast food outlets in the country. The outlet, has not only witnessed unprecedented patronage by consumers, it has also used pricing as its competitive edge. Shoprite has maintained its price leadership by offering its Nigerian consumers lowest prices with the Coca Cola Pet bottles selling for instance, N60 during the promotion period which lasted till December 26, 2005. Though the promotional period has expired, Shoprite still maintains its price leadership by investigation. Shoprite has thus positioned itself as a one-stop shop for Nigerians consumers.

Shoprite has a rich heritage that perhaps can instill confidence of its new found

consumers. The primary business of the Shoprite Group of Companies is food retailing to consumers of all income levels. Management's goal is to provide all communities in Africa with food and household items in a first-world shopping environment, at the lowest prices. At the same time the Group, inextricably linked to Africa, contributes to the nurturing of stable economies and the social upliftment of its people.

The Shoprite Group of Companies is Africa's largest food retailer which operates 780 corporate outlets in 17 countries across Africa, the Indian Ocean Islands and southern Asia, and reported turnover of R29,813 billion for the 53 weeks to 03 July 2005. The Company's head quarters are situated in the Western Cape province of South Africa. Shoprite Holdings Ltd is a public company listed on the JSE Securities Exchange, with secondary listings on both the Namibian and Zambian Stock Exchanges. Its ownership therefore lies in the hands of its more than 6 000 shareholders. The Group is currently implementing a strategic expansion programme to maintain its position as the leading food retailer on the continent.

Shoprite Holdings Ltd comprises: the Shoprite Checkers supermarket group, which consists of 330 Shoprite supermarkets; 98 Checkers supermarkets; 23 Checkers Hypers; 88 Usave stores; 15 distribution centres supplying group stores with groceries, non-foods and perishable lines; 159 OK Furniture outlets; 23 House & Home stores; and 59 Hungry Lion fast food outlets. Through its OK Franchise Division, the Group procures and distributes stock to 35 OK MiniMark convenience stores; 24 OK Foods supermarkets; 45 OK Grocer stores; one 8 Till Late outlet; 56 Megasave wholesale stores; and 87 Sentra, Value stores and buying partners. The Shoprite Group has a broad customer base consisting of some 10 million people, which closely mirrors the demographic profile of the country. The various store formats within the Group cater for all income groups with the Checkers, Checkers Hyper and House & Home stores focussing on the higher income groups and Shoprite and OK Furniture focussing on the broad middle to lower market. The latest format introduced by the Group, Shoprite Usave, focuses on the lower-end of the market.

Shoprite enjoys a reputation for offering best-value merchandise to consumers at the lowest prices, which they can trust always. Not only has this been substantiated by independent market research companies, but price surveys conducted by consumer groups and the media regularly confirm that the Group remains the price leader in its field.

Through the years supermarkets in the Shoprite stable have proved to be firm favourites with South African consumers. The latest Trade Search Omnibus study conducted by internationally acclaimed research company AC Nielsen, revealed that 85.8% of South Africans prefer to do their shopping at the Group's food stores. Since it started out as a small chain of supermarkets in 1979, Shoprite gained valuable experience from selling to the emerging market. Today, the Shoprite chain remains the core business of the Group and its main brand.

Shoprite's winning philosophy was to operate a chain of no-frill supermarkets where customers can be sure to pay the lowest prices on all their basic food and

household requirements.

This operational strategy put the Shoprite brand in an excellent position to expand into the African market outside of South Africa where its population has grown from one store in Lusaka, Zambia in 1995, to 67 stores in 16 countries today. The South African operation comprise 260 supermarkets in the Shoprite brand. Shoprite draws its customers from the middle to lower-income consumers in the living standard measurement 3 to 8. In South Africa, Shoprite has two store formats, namely supermarkets and large-format superstores, while Shoprite Hypers are opening up outside the country.

Aside these, the emergence of Shoprite in Nigeria has provided employment for over 100 Nigerians earning a living. Shoprite is also partnering with Nigerian farmers who are earning steady and increased income by supplying fresh foods. Shoprite says it is providing an organized platform to support Nigerian farmers.

Shoprite says it is providing sustainable income for several Nigerian Companies from multinational to entrepreneurs who are supplying products. These are promises that gives an edge, if it would be sustained. One hopes that the Nigerian managers of Shoprite would not be pushed aside and be replaced with entirely South Africans when the outlet stabilizes. This is not strange in our terrain. Also, one hopes that Shoprite would sustain the standard that it is known for. In the final analysis, Shoprite can only sustain this first impression, if it adheres to values expected of it by Nigerians consumers.

This is the hallmark of a result oriented marketing strategy.