

# Pick n Pay's big plans: New brands, cost-cutting, Boxer expansion and omnichannel growth

The "biggest and most important change in Pick n Pay for many years". That's how Pick n Pay Group CEO Pieter Boone has described the retail company's new four-year strategic plan revealed this week.



Pick n Pay Project Red stores will employ a low-price strategy with an emphasis on essentials and fresh produce. Source: Supplied

The ambitious strategy is designed to deliver group turnover growth at a compound annual rate of 10% - resulting in market share growth for the group of at least 3%. In addition, the retail group has pledged through the plan to increase its profit before tax (PBT) margin to above 3.0% by FY26.

The five key elements of the four-year strategic plan are the following:

## **New customer value proposition: Introducing Project Red**

In a bid to redefine its relationship with the customer, Pick n Pay will be organised into two customer-facing brands, each designed around specific customer needs. The new customer value proposition (CVP) is currently in a testing phase, but the core elements are:

- 'Project Red' stores will be organised to deliver low prices and great quality. They will have a range of around 8,000 SKUs, with an emphasis on essentials, a strong fresh offer, and excellent service, said the company.

Project Red stores will have a distinct fresh produce market feeling in the fruit and vegetable section with a focus on bulk offerings and promotions. A dedication aisle will be incorporated specifically for promotional goods, boasting numerous bulk displays to showcase the competitive prices to customers.



Project Red stores will offer market competitive promotions and will have a dedication aisle specifically for promotional goods and bulk displays.  
Source: Supplied

- Pick n Pay stores will offer a depth of range, and an emphasis on quality, innovation and freshness. These stores will have a range of around 18,000 SKUs, giving customers great value, linked to best quality. They will cater to customer aspirations, including through a fully-integrated omnichannel offer. Pick n Pay stores will include an expansive section that allows customers to explore the latest innovations in fresh fruit and vegetables.

There will also be prime destinations for butchery, bakery and cheese & wine. Improved in-store experiences will focus on themes such as health, indulgence, snacking, or hot beverages.

"These two Pick n Pay brands, together with the group's Boxer business, will cover the market in a way that meets specific customer needs, and will appeal to the entire South African customer demographic," Pick n Pay said.

The CPV refocus was developed on the back of nearly a year in customer research, including over 7,000 customer interviews.





Improved Pick n Pay in-store experiences will include a focus on themes and destinations. Source: Supplied

## Accelerating Boxer growth

The group's Boxer retail chain is a prominent limited-range discounter in Africa targeting price-conscious customers. The company is aiming to double Boxer's turnover by FY26 through a combination of new store openings (200 over the next three years), and consistent like-for-like growth in existing stores.

"This is great news for customers across the country who are seeking exceptional value, and great news for the growth of our group," Pick n Pay said.

## Omnichannel leadership

Pick n Pay has concluded a commercial services agreement with the Takealot Group which will see the launch of a dedicated Pick n Pay on-demand food, grocery and liquor offer on the Mr D app, which currently enjoys over 2.5 million active customers. The service will launch in August 2022, and will be available nationwide by the end of the current financial year.

The group sees this new offer as a decisive initiative in its plan to grow significantly in the fast-growing online food and grocery market. The new offer will benefit from Pick n Pay's expertise in food and grocery, and its nationwide store network. Takealot will bring its industry-leading technology, and unrivalled delivery network. Pick n Pay's Smart Shopper loyalty programme will be integrated into the offer, with customers able to earn points when shopping for Pick n Pay groceries on the Mr D app.



Pick n Pay and Takealot partner to launch grocery platform on Mr D  
17 May 2022



## R3bn in cost reduction

Project Future is the group's modernisation and efficiency plan, with savings directed into giving customers lower prices and better value. According to the company, Phase 1 of the plan delivered R1bn in savings over two years. Project Future Phase 2 will reduce costs by a further R3bn over the next three years.

"The group is confident that substantial efficiencies can be achieved in areas including store productivity, supply chain and

working capital, commercial buying, goods not for resale, modernisation of support offices, and a more sustainable and efficient store state," the company said.



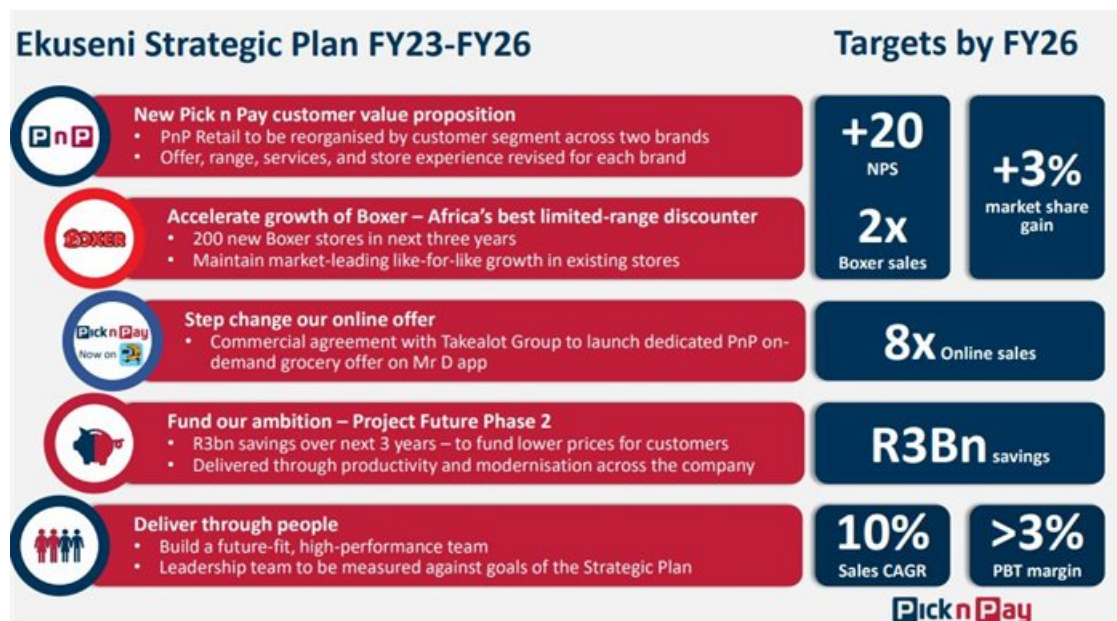
## South African retail racks up R516bn in annual sales

12 May 2022



### Building a future-fit, high-performance team

Pick n Pay said that key to the overall plan is a goal to build a future-fit, high-performance team, delivering consistently every day for customers. The group has an intensive people plan in place to achieve this, including new initiatives on talent planning, recruitment and retention, training, mentoring, and development, effective hybrid working, and innovative staff engagement. Greater diversity is also a priority, building on momentum achieved in recent years.



Source: Supplied

Commenting on the strategic plan, group CEO Pieter Boone said that the goal was to unlock the full potential of the Pick n Pay Group and accelerate the momentum it's built over the past year.

"I am hugely excited by each element of the plan. Through our new customer value proposition for Pick n Pay, we will give customers a more tailored and personal experience, better prices, and more exciting stores. Boxer is already a phenomenal business, and our pledge to open 200 new stores will be great news for customers in search of the best value in the market.

"Our commercial agreement with the Takealot Group will transform the market for on-demand grocery, with over 2.5 million customers on the Mr D app benefiting from a dedicated Pick n Pay food and grocery offer, and Takealot's unrivalled delivery network. Project Future is improving our business day by day by making it leaner, more productive, and more modern - with the savings pledged towards even better prices for customers.

"It is a comprehensive and balanced plan, and a significant new chapter in the Group's history."