

The Development of the retail environment in South Africa

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OPINION

This is my perception and how my team and I see things developing in South Africa and internationally with regards to the retail market. I have chosen to focus mainly on South Africa as I am passionate about this country - we cannot control the rest of the world but we can control what happens in our own country.

Land of Milk and Honey

Firstly, I believe South Africa is the new land of milk and honey. As America was in the 50's, 60's, 70's and even into the 80's we have taken over and we are going to be where it's all happening going forward.

Africa is the bread basket of the world at the moment and it is ripe and open for new trade and new development and people are literally pouring into this country because they want to be part of this success story. The China Malls that are popping up all over the country are tangible proof of this - just look around - you will find one has popped up quite close to you!

Having lived in Australia, America and in England, I can say without fear of contradiction that South Africa is the best country in the world to live in and at the moment I believe it's the country where a hard working person can make money and build a decent life for themselves and their family.

Retail and Marketing in South Africa

In regards to retail and marketing in this country, it's wide open. We have this huge emerging population coming through.

The world is our Oyster – South Africa is the Gateway to Africa and at the moment there is still a bit of a cork in the bottle on our northern border but I believe it's only a matter of time

before that opens up. We recently had a talk by Mr George Feneira who is the Sales Director of Samsung for the whole of Africa and he was telling us that in Namibia, Zambia, Angola and Mozambique businesses are opening up and business there is booming. However, the wealthy people from these countries still come to shop in South Africa as this is where it's "all happening!"

In the old days we would go overseas to see the latest fashions, electronics etc but now we are on a par with any country in the world - we are totally up to date with what is happening overseas - the internet has taken care of that.

The Way Forward

Going forward I see us increasing from many different angles. Obviously the emerging population is where it's at and that's why Walmart has come into this country because they can see our middle class coming through and their buying and spending power is going to be massive.

Electronics are becoming cheaper and more affordable to the man in the street.

Computers are now in all schools and in some of the schools the children have to have iPads, or galaxy notes – that type of thing, just to be able to function at school.

This leaves us open for new trade in the future from government and our corporates which are huge as well.

We have massive corporates in this country. Firstly and obviously the most important and the wealthiest are the mining houses. However, don't underestimate the insurance companies and the pension funds. This country

is just bubbling with money and businesses are going from strength to strength!

You only have to travel from Johannesburg through to Sun City and go via Rustenburg, where you see platinum mines with those buckets just pulling the platinum out of the earth 24/7. How lucky are we to have a fortune just being dug out of ground every single day and when you think that every single motor car in the world has to have platinum in it, we have an ongoing market to boost us.

Yes we do have politicians who let us down but which country doesn't?? At least our politicians are transparent = we know what they are doing and when they are doing it and you only have to look back to 1994 to see how far we have come as a nation - from being thoroughly ashamed to say where we are from to being proudly South African!!

It is a well-known fact that the South African retail market has held up better than most due to the National Consumer Protection Act which came through just before the downturn in the worldwide economy. Although trading has been more difficult and the market has definitely tightened, other things also need to be taken into consideration, for example the unstable rand, fluctuating oil price and the world economy in general, and in this last year we need to add the tsunami and the floods into the ball park. When you take all of this into consideration, those that want to trade and go out of their way to trade are trading.

GFK figures have indicated that the South African consumer market is flat however our organisation has grown over 20 percent during that period. There must be a reason for this. When one considers that as an independent trader in South Africa we are still enthusiastic and excited about trading every day and a vast majority of large conglomerates have become tired over a period of time. In some cases with the independents the next generation have chosen not to go into the business and the older generation are now just tired of the ongoing battle with suppliers, consumers, banks, staff etc, and are keeping their business under very tight control and reigning it in rather than seeing the opportunity that the independents have got over mass stores.

The advantages are that firstly the service level with us (as independents) is far better.

Secondly we are more flexible - we read the market daily and can change direction in a heartbeat!

Thirdly we are enthusiastic about looking after our customers,

Fourthly we build up a rapport and a relationship with our customers whereas with mass stores, unfortunately this does not happen.

How come the mass stores are still so popular? Well what has happened in the past is that some of the independents don't want to compete, they don't buy the stock they should so when the loyal customer goes there they have not got what the customer wants and that's when the customer will end up shopping at the mass store.

The Hirsch's Philosophy

In our organisation, we have a simple philosophy; best brands, biggest range, guaranteed. We carry the best brands so we are assured of service backup and support. We carry the biggest range and allow our customers to choose what they want from an entry level product to a top of the range product.

If for some reason, we are not able to help them, the fall back is always with the manufacturer who will be there to support them.

We offer extended guarantees where we extend the manufacturers guarantee for example from two to five years for a nominal once off payment.

We have also gone a step further by encouraging store in store concepts in our stores, so they suppliers take pride in their stands in our store, they make sure we are properly trained and knowledgeable about their product and also ensure that we have ongoing stock.

So when the consumer comes into the shop and has a look at one of the leading brands, it

really looks good and it is something to be proud of and it makes it easier for the customer to decide what to buy.

We have full time dedicated trainers in each province and all new staff are trained before being put onto the floor and are trained ongoing for a minimum of half an hour every single day in life skills as well as computer literacy and hands on training relative to their particular job including product knowledge on all appliances, furniture, beds, electronics etc. We also have well trained and well informed sales staff who are there to help and guide customers.

Our computer system is modern, fast and very informative. In our warehouse we carry huge stocks and our delivery company's (all independently owned through our own empowerment initiative) deliver the same day if the customer requests this - today life is fast and consumers want their purchase to be waiting at the door when they get home - they want it now, they don't want to wait for it.

Unlike most other companies we don't just conclude the sale and walk away; we have our own in house service dept which is also multi faceted it consists of, a service dept where you can bring your broken kettle, toaster, food processor, microwave or any small appliance which we repair - either in guarantee or out of guarantee whether you bought it from us or not.

We also have service technicians who repair anything from a fridge, stove, television, etc in your own home.

We have installation teams to install a gas stove, air-conditioner, DSTV, home theatre, TV, etc

Customers can bring in cell phones, computers etc for repair as well.

We really believe these are some of the reasons why we have had the type of growth we have had over the last several years.

We believe that shopping is changing rapidly - more and more people are buying on the internet however people are wanting to be entertained more - thus the boom of the

gaming industry in our shops we provide shoppertainment where we have:

- Social networking (Linkedin, Twitter, Facebook etc) - for example we had Deon Chang cooking in our Fourways store, and while he was doing the cooking he was Facebooking and tweeting all his friends who came in to see him in action!
- We sell on sites such as Groupon, where specials are offered, as long as a minimum amount of people take up the offer to promote customer loyalty we have Networking Functions, Loyalty Cards etc.
- The environment is a key focus - Going Green - we are passionately involved in going green and all the appliances we sell are as energy efficient as we can get.
- Value for money - today there are only Smart Shoppers - we have to always provide the best possible price to ensure the customer comes back to us and is confident that they will get a good deal.
- Convenience - (Location, Parking, Child friendly, Product assortment etc) - you can park at the door and our sales assistants will carry the goods to your car for you.
- Training staff to be professional, knowledgeable & efficient - today people research on the net and when they come into the store they know exactly what they don't want - it's our job to find them what they want - our staff are trained on product knowledge every day without failures.
- Customised products - people want what they want for their own particular usage - our forte is finding the right product for the client.
- Focus on women - women make most of the buying decisions (whether men like to admit it or not) we have women at the top in almost all depts.
- Focus on health and well being - this is the next massive growth area in our generation and our demonstrations are geared towards with wellness industry - we have everything from water filters, to juicers to foot spas.
- Social responsibility - Giving back to the community - this is a new part of business which is now HUGE in our organisation and worldwide South Africans lead when it comes to giving back - this is our greatest joy and everyone is involved in our home makeovers, charity events and ongoing sponsorship of schools and orphanages.

Going into the future look at the facts: we live in the best country in the world; we have fantastic mineral resources; we have wonderful farmlands to provide food for us; we have a resilient population who have been through the hard times and survived and thrived as a community we have to work really hard and put in extra effort but the rewards are astronomical. South Africa is the gateway to Africa which is the next continent (Europe had

its turn, England had its turn, America has had its turn).

Now it's our turn to show the world how it's done. South Africa is not for sissies and I believe that the people who have stuck it out in this country are a breed apart. We are strong, resilient, we know we have the best life on this earth and it's up to us to make it happen if we all work together, no one can stop us!