

# Woolworths aims to have 'soul of a deli'

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Mind of a supermarket, soul of a deli. That is how Zyda Rylands, the MD of food at Woolworths, encapsulates the retailer's vision for its supermarkets.

In its aim to be the destination of choice for grocery shoppers in the upper living standards measure (LSM) 8-10 segment, the 82-year-old company is extending its ranges, expanding stock-keeping units, offering more branded goods, introducing more bulk, investing in price and expanding space.

"It's us, just bigger. We can't lose who we are, you're not going to find 10 different tomato sauces or washing powders in our stores.

"We're going to obviously choose our private label first, and to support that we'll choose the best national brands that deliver to our customer profile. We still want to live to the same brand values; we still need to be obsessed about quality," she said.

Its core customers have been relatively insulated from the constrained consumer spending hitting its peers. Woolworths' food division, which saw a sales increase of 11.1% to R8.34bn in the six months to December, has received high praise from analysts. But CEO Ian Moir last year said: "It breaks my heart when I see a Pick n Pay trolley outside our store, while customers are shopping with a basket for produce inside. We are going to change that."

It seems the juxtaposition of bulk, price and value combined with innovation and quality is having the desired effect of converting basket shoppers to trolley shoppers.

"We are seeing customers' behaviour changing. When they see bigger stores, they think bigger ranges, they don't want to walk with a basket, they actually want a trolley. Through customer research we found that we were not a main shop or complete shop for customers. When asked why, customers gave two reasons: range and price. We did not want to remain a top-up shop, so we set about tackling those two things," Rylands said.

The next 18 months will see Woolworths adding a further 2,000 stock-keeping units.

Chris Gilmour, an analyst at Absa Investments, said the group's supermarket strategy was positive.

"Provided that they (Woolworths) are able to buy product at or around the same kind of prices that Shoprite and Pick n Pay can - well, it's a great new business. Like Shoprite, Woolworths has a huge dedication to centralised distribution, which means they can actually exploit their efficiencies."

Space will be key as Woolworths enhances its offering. "We continue to take our stores and make them bigger and when we build new stores we make them bigger than we've ever done before. So we will see significant extension in the next couple of years. By the end of 2014 a third of our stores will be in a large format, from 10% two years ago," Moir said last month.

Woolworths has also upped its marketing and communication by moving into broadsheet advertising. Its Daily Difference catalogue, that showcases price promotions, is available in its stores, as well as in newspapers - as Pick n Pay's and Shoprite's ads are.

"Are we aggressively going after our supermarket strategy? Absolutely," Rylands said.

Source: *Business Day*

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