

Pick n Pay takes its brand to Zimbabwe

Despite growing concerns over Zimbabwe's continuing 51% indigenisation programme that has ruffled the feathers of foreign investors, South African retail giant Pick n Pay is expanding in Zimbabwe, with plans to open a new supermarket in Harare at the end of the month.



The store in Kamfinsa will be the first Pick n Pay store in Zimbabwe bearing the company's logo and will culminate in a rebranding exercise of all TM supermarkets countrywide - where Pick n Pay holds a 49% stake in the supermarket chain.

Ozias Makamba, finance director at Meikles Africa, the Zimbabwe stock exchange-listed company that previously owned the majority 75% stake in TM supermarkets, said TM Pick n Pay would open at the end of the month and that it started refurbishments at TM Borrowdale that will be followed by TM Mutare, Masvingo and Gweru.

The South African retailer's expansion in Zimbabwe began at the end of last year when the Competition and Tariff Commission gave the green light to Pick n Pay to increase its shareholding in TM supermarkets from 24% to 49%, in a deal that saw \$15m injected into the supermarket chain. With 51 stores countrywide, TM supermarket controls almost a quarter of the groceries market.

Its biggest competitor, OK Zimbabwe, has said it was ready to take on the new challenge posed by its South African-backed rival. But economic observers warned that Pick n Pay's expansion into Zimbabwe, brought on by the stabilisation of the country's economy in February 2009, would pose a further challenge to efforts to revive the local manufacturing industry.

Tony Hawkins, an economics professor at the University of Zimbabwe, said Southern Africa had been turned into a huge supermarket of South African products. All the leading chains, Shoprite, Pick n Pay and Spar, are expanding northwards. "This is not great news for the local manufacturing industry at all."

Earlier this year, Finance Minister Tendai Biti echoed the sentiments, saying that South African products accounted for more than 70% of grocery imports.

Source: *Business Day*

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