

## From corporate cast-off to franchise flagship



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### OK Foods Oakdale helps set the pace for a growing supermarket franchise

**After 30 years as a Checkers, the 800m<sup>2</sup> store in the Bellville suburb of Oakdale now has a completely new look, feel and name.**

Under the ownership of Louis Kritzinger, the old Checkers was completely gutted and refurbished to become the new OK Foods Oakdale, a flagship store for the franchise group that has experienced a 19%-growth in the past year.

Kritzinger is no newcomer to the industry. He started his career in the banking sector after completing his studies at the University of Pretoria. From there, as a then franchisee of Mobil, he opened, owned and operated two Engen 1-Stops in Bloemfontein before owning and operating a PnP Family franchise store in Phalaborwa. After selling the store and relocating to the Western Cape, he went back into the garage business in Gordon's Bay and opened a 300m<sup>2</sup> OK Mini Market on the site, which took him into the OK fold.

Itching to get back into a larger store, he made his interest known to the OK Franchise Division.

This happily co-incided with a decision by Shoprite Checkers to make some of

its older and smaller corporate-store sites available to the OK Foods Franchise Division. Oakdale was the first to be transformed and Kritzinger became part of this pioneering project with the OK Franchise Division.

Although there was some urgency to transform the site into an OK Foods as quickly as possible to retain the existing Checkers customer base, he chose to do a thorough job and had the store completely

gutted and stripped of the accumulated grime of the years. All the equipment was removed and the store stripped right down, including the old tiles.

The wait also gave him more time to personally interview, select and hire a staff of less than 70 people, with a core of 20 to 30 experienced staff. These included staff from the previous Checkers, as well as from other corporates and franchises. After two months of intensive care the store ►



*The OK Foods Oakdale management team are from left to right Johan Kunz, services departments manager, Oscar Mayemba, groceries and non-foods manager, Louis Kritzinger, owner, and Jerome Jacobs, self-service perishables manager.*

re-opened in November last year as OK Foods Oakdale.

The store posed a design challenge. It is much deeper than it is wide. While the theoretical traffic pattern takes customers on an anti-clockwise circuit, it has been kept as open as possible up front to allow customers to move directly and easily to the major fresh departments and the grocery shelves beyond.

All the old Checkers refrigeration was completely replaced with new-generation closed-waterloop self-contained cabinets. The waterloop takes the heat from the self-contained cabinets out of the store and this system is backed up with a plenum over the cabinets that also allows any excess heat to be taken out of the store, should the waterloop system fail.

The move has paid off. As a Checkers store with conventional remote refrigeration, the store was running with an electricity consumption of 110 000 kWh in the cooler winter months. This, thanks mostly to the new cabinets and to LED store lighting, has been reduced to 85 000 kWh in the summer months.

The link to the Shoprite Checkers benefits the store with two of the jewels

in the group's crown. One is supply from the group's distribution centre (DC) at the same pricing the corporate outlets receive. The other is the Money Market.

Currently working on four deliveries a week, the DC is the source of 96% of the store's stock, including fresh produce and perishables. This has allowed it to streamline its replenishment and handling of stock and to reduce storeroom space. The aim is to order to replenish the shelves and not hold stock in the storeroom. As soon as the stock arrives, as much as possible is moved onto the shelves. This has helped to achieve a reasonable annual stock turn on a 15 000-odd stock-keeping unit (SKU) range. The turns are still improving as product space allocation is adjusted to the rate of sale.

As part of the process, Kritzinger is also constantly editing his range. While he abides by the old adage that you cannot be all things to all people, he firmly believes in listening to his customers and accommodating them as far as possible. People, he says, like to know that their requests and presence are acknowledged and appreciated. In addition to the close relationship that he and his team fosters

with their customers, he also uses reports from his point-of-sale system that flag slow movers for possible deletion as well as top-100 reports from the franchise division to look at what they have that he does not.

The Money Market, which has also been made available to the franchise division, is not such a profit maker, but helps drive traffic to the store. It allows for a 2% gross margin out of which the store is responsible for the staffing costs. The store's cashiers have been cross-trained to also work in the Money Market, which made their jobs more interesting.

## Competing

While receiving deliveries direct from the Shoprite DC at the same prices as Shoprite and Checkers stores, Oakdale does not aim to be the cheapest store in town.

They are competitive across a basket of factors, says Kritzinger. These includes friendliness, freshness and hygiene, as well as price. In addition to the OK Foods promotional programme, a selection of eight must-buy store specials is advertised in store on A4 posters twice a month.



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The Money Market, although not making a big profit, drives traffic to the store.



The cooldrink fridges are located at the back of the store.



Fresh, hot coffee is served at the kiosk counter.



All the old refrigeration was replaced with new-generation closed-waterloop self-contained cabinets. LED lights were used and the fridges and freezers are clean with no ice build-up.

The connection with Shoprite and Checkers is very important to him and he communicates this to his customers at every opportunity. Shoprite Checkers trucks delivering every day visually reinforces the connection, while he also features their logos on his website.

Nonetheless, some of the old Checkers customers were initially disappointed by the changed imprint of the store. One of the problems was the change in ranges. As an example it was impractical for them to keep such a wide range of Checkers cheeses and they have decided on a collection of 20 to 30. On the other hand many of the exclusive brands (as distinct from the Checkers housebrands) that Checkers carries are now being made available to OK Foods and this goes a long way to help them keep the former Checkers customers feeling at home.

However, some of these customers are also sensitive to other changes. For example, when they tightened their returns policy as some shoppers were taking unnecessary advantage of the store, it led to some unhappiness. It was not a big thing, says Kritzinger, but it did require careful handling, and the most important thing is to communicate with your customers. This is something that he and his management team do constantly and they have trained their staff to do likewise. "You have to listen to your customers and try and accommodate them."

Their customer base is largely middle-income people. Some come from nearby offices, but most live in the area, including many pensioners in nearby old-age homes. Some of them regularly bus their residents to the store. To make them feel comfortable and at home, a bench was placed near the entrance for them to rest and he offers them a free cup of coffee or tea. ▶



Kritzinger and his staff make a point of talking and walking with older customers and making them feel acknowledged and appreciated. In addition, he takes phone orders, does deliveries in the area and also provides this service to the residents of old-age homes. The order and delivery service is still a very personal service and is not automated.

One thing that is working well for the store, which neither Shoprite nor Checkers has, is the OK Foods loyalty card. The card also doubles up as a gift card as money can be loaded onto it. Customers gain loyalty points on purchases and can redeem them on purchases or save them. While they can pick up a card and start using it without



*A selection of eight must-buy store specials is advertised in store on A4 posters twice a month.*



*Through the OK Foods loyalty card customers gain loyalty points on purchases and can redeem them on purchases or save them. More than 45% of transactions come from cardholders and they account for more than 50% of store sales.*



*Fresh salads are made in store every day.*




*In the bakery customers are served by friendly, efficient staff.*

registering, they do have to register to redeem their points.

The card programme offers the store a wide range of very user-friendly reports that can be generated instantly online. This does not only provide information on revenue, swipes and basket size by cardholders, but also allows for campaign messaging to each customer. The service enables the store to do sms marketing to cardholders, which has proved very successful for events like Mothers' Day.

Cardholders not only get points on their overall purchases, but also get special discounts on selected items. The cost of the loyalty programme is about 1% of sales. At the moment more than 45% of transactions come from cardholders. However, they account for more than 50% of store sales, with the average cardholder purchase basket considerably higher. People, he says, tend to spend more because they have a card. To date the store has given out 9 000 cards of which 5 000 are active.

While the loyalty card has proved a very powerful marketing tool, Kritzinger has not neglected other marketing activities and is very active on both the store's website and Facebook page.

With the help of years of experience, hard work, passion and an understanding of personalised customer service, Kritzinger and his team are now firmly established as the friendly neighbourhood grocery guys. 

[www.okf-oakdale.co.za](http://www.okf-oakdale.co.za)  
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