



MASSMART

GROUP UPDATE



Stokvels get more for their money at Massmart stores

A nationwide survey by research company African Response found there are 811 830 stokvels in South Africa. The estimated value of this market is R44bn and local stokvels have a combined membership of over 11.4-million people. Massmart recognises the importance of stokvels and many of the group's wholesale stores are playing a bigger role in assisting stokvel customers in getting the absolute best value for their money.

What is a stokvel?

In the early 19th century, stock fairs were regularly held in the Eastern Cape. Over time, people began organising themselves into stokvel collectives to take advantage of bulk purchasing of the goods on offer. Stokvels work as savings schemes, offering members collective savings and buying services. Most stokvels have a chairman and treasurer, who are responsible for administering the investment. Stokvels vary in size from 12 to 150 members and the members make decisions collectively about what they buy and where they make their purchases.

There is a wide range of stokvel models, but Massmart focuses on shared buying schemes in which a large group aggregates their money to buy in bulk and then divide up their purchases. Stokvel members contribute a set amount of money towards their club every month. Because the purchasing is done in bulk, significant saving are made and members receive more goods

for their rands than if they had purchased individually from retailers.

Why are stokvels important to Massmart?

Because stokvels offer people the opportunity to access affordable goods, Massmart's wholesale stores are focused on helping their members get the best possible deals and make special arrangements to deliver on this promise. The stores work closely with the stokvels and host regular meetings to gain a thorough understanding of what members want and how stores can deliver the right value at the best possible price. The stores also use their buying and procurement expertise to negotiate great deals with suppliers. Special opening hours are introduced at this time of the year and transport of goods is made available for those who need it. This is extremely important for stokvel members, who need to get as many high quality goods as possible from their end-of-year spend.

Jumbo

Super Jumbo Crown Mines has around 800 registered stokvels and the store makes special provision for stokvel groups around the Christmas trading period. In 2011, the store hosted a well-attended, vibrant event

for representatives from their top 60 stokvels to remind them about Jumbo's extensive product offering and get feedback on pricing, brands and logistics from stokvel customers.

General manager of Jumbo Crown Mines, Desagen Moodley, says: "It is all about making sure our customers save money and get what they need. Stokvel members can save between 20 and 25% on their purchases when buying through their group at our store." To make the process as easy as possible for stokvels, members are able to place their orders telephonically or by fax. Jumbo offers a picking and packing service, so that goods are ready for collection when stokvel members come to pick them up. Payment transactions also run smoothly because purchases are rung up at separate till-points, made available exclusively for stokvel members at collection time. Jumbo also offers a delivery service to stokvel customers who require delivery. When deliveries are made, trucks take the bulk purchases to a designated delivery area, where all the stokvel members gather and the goods are divided up for individuals.

Jemina Leputu, chairperson of the Thabang Woman's club in Midrand, says her stokvel group has been buying from Jumbo for

the past 10 years. "We have 100 members and we collect money throughout the year to buy in bulk at Christmas," she says. "We buy rice, sugar, tomatoes, biscuits and lots of other groceries that we share with our members. Lots of members are poor woman living in the squatter camp. They give R100 a month to the stokvel and at Christmas time they get lots of groceries. Jumbo helps us a lot and we're happy that they make it so easy for us."

Another of Massmart's stores hosting special stokvel days is Makro Woodmead. The store's food executive, Mpho Thagisa, says they cater to stokvel orders over the six weeks leading up to Christmas, and on some days, bulk food sales to stokvels can be phenomenal. "Most of our stokvel members come in on a Saturday or Sunday just before Christmas because they work during the week and they want all their members present when they make their purchase and divide up the goods they have bought," says Thagisa. "On a day like today, there are so many people in our store it's phenomenal. The volumes of high quality food we sell to our stokvel members are massive and some of the most popular products are rice and sunflower oil. Most often stokvels are run by women, so they really are responsible for feeding their communities."

One example is Betty Tseke, chairperson of the Rekakgona 'We can do it' stokvel. Tseke says she and her fellow stokvel members love getting the best deal possible. "We save up all year to be able to buy these goods and take them home to our families." Rekakgona stokvel's purchases at Makro Woodmead on the bustling stokvel Saturday included flour, sugar, rice and other foods.

Another stokvel member at Makro Woodmead on the busy stokvel Saturday was George Nontlantane. "I'm originally from Eastern Cape, but I joined this stokvel a few years ago after moving up here. I'm the only male in my 17-member stokvel and I think the way this is organised and the saving we get are brilliant. I'm a family man and this is a great way to make sure my family is not spending money we don't have. After Christmas comes January, when there are school fees to pay. Through the stokvel we save what we can over Christmas so we have the money we need in the new year."

Massmart wholesalers like Jumbo and Makro will continue to pay special attention to stokvels. The services they offer include hosting informative pre-stokvel events, where suppliers showcase some of their goods and formal savings and banking procedure is discussed; proactive collection of orders

from stokvel members ahead of purchasing; bulk discounts; assistance in making payments through direct deposits rather than cash brought to the store; ensuring stock availability on the collection day; working with suppliers to reduce prices, creating special offers and helping arrange affordable transport to communities when required.

"Our stokvel customers save their money all year long to spend with us on the high quality items they need the most to look after their families," says Makro's Thagisa, "It's our job to make sure they get the absolute best value for their money." ■

How much, how many?

Stokvels members buy massive volumes of quality goods from wholesalers in South Africa each year. For the 2011 festive season stokvel purchasing from Makro Woodmead, the following volumes of goods were sold:

120 960 units of coffee creamer sold in 21 days

34 560 units of washing powder sold in 7 days

6 400 units of rice sold in 7 days

262 800 units of pilchards sold in 14 days



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