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Massmart localisation journey with Department of Trade Industry & Competition continues to reap benefits

Massmart's localisation focus is bearing fruit with visible benefits being experienced by both the group as well as an increasing number of local suppliers.

During the past nine months, the group, in partnership with the Department of Trade Industry and Competition (DTIC), has reviewed its top imported products and determined which of these have the potential to be manufactured more competitively by local manufacturers.

The process involved retaining industrial engineers to review 600 products and selecting those with the highest potential for local manufacture based on local manufacturing capability, opportunity to achieve target pricing and local availability of raw materials.

Von Stander, Massmart's Sourcing Optimisation Executive highlighted that there are a number of benefits to localising supply: *"Locally manufactured products present significant supply chain benefits by reducing supply lead times so that stock arrives in our stores faster and more reliably which translates directly into improved sales."*

One example is the successful localisation of supply of cookware products for Makro's private brand, Primaries. Previously imported pots and pans are now manufactured locally by Africa Cookware. In this case the DTIC played an important role by assisting Massmart to engage a local aluminium supplier to supply, previously imported, base materials for these items.

Stander comments: *"Our Makro cookware buyer, Christina Hinis, successfully re-launched some Primaries cookware products through a local supplier who still had to import the required aluminium to manufacture the products. We appraised DTIC of the situation during a regular meeting after which they quickly introduced us to a local aluminium supplier. This type of work is difficult to execute but it is made easier by the DTIC's support which we have found to be generally pragmatic and constructive."*

Massmart has successfully localised a variety of previously imported products including baby cots, flat pack office furniture, pool accessories and instant noodles. One of the most successful projects has been the localisation of multi-density fibreboard (MDF) toilet seats which involved investing in capital equipment such as hydraulic presses, raw material milling machines and paint lines for local manufacturer, Active Factory.

Massmart also assisted Active Factory to relocate to a larger facility to increase their output from 5 500 units per month to 12 500 units per month, enabling Builders Warehouse to meet their average monthly demand for this product.

“Once again the encouragement and input from DTIC was, quite remarkable.” concluded Stander.

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Massmart powered by Walmart, comprises two business units operating 441 stores, across 13 sub-Saharan countries. Through our widely-recognised retail and wholesale formats (including Builders Warehouse Cambridge Food, Game, Jumbo Cash & Carry, Makro and Shield), we have leading shares in the General Merchandise, Liquor, Home Improvement and Wholesale food markets.

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