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Pick n Pay vows to bear down on prices as sales rise

By Nqobile Dludla

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Supermarket retailer Pick n Pay pledged to continue to bear down on prices to help cash-strapped shoppers, as it reported a 10.7% sales rise in the 18 weeks to 3 July.

Source: Reuters/Siphiwe Sibeko

Pick n Pay, also owner of discount grocer Boxer, said advance purchases of strategic stock, totalling R900m in February, had assisted in keeping internal price inflation at 5%, below the country's food inflation rate of 7.1% in the period.

"The group's objective is to maintain price investment at a particularly challenging time for consumers," the retailer said in its trading update on Tuesday, 26 July. "We anticipate CPI Food to accelerate further and will continue to invest in price in order to support consumers."

Pick n Pay's big plans: New brands, cost-cutting, Boxer expansion and omnichannel growth

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Operating cost pressures

Like other businesses, Pick n Pay is experiencing significant operating cost pressures, that include material increases in rates, utility bills and fuel, in the current financial year, it said.

The July 2021 riots that destroyed some of its stores have also resulted in very significant increases in the cost of insurance and security, while its new strategic plan to fund new store openings and upgrades have also given rise to additional costs, Pick n Pay added.

As a result, cost pressures in the current financial year "will not all be offset through greater efficiency".

Sales across all categories and regions grew, helped in part by new store openings as part of its strategy to capture greater market share in both the lower and higher income groups.

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Store upgrades, expansion

In the reporting period it upgraded 10 Pick n Pay stores. By the end of the first half it would have upgraded 40 stores and 150 by February 2023, it said.

Meanwhile, its Pick n Pay clothing business plans to open 73 new stores and 61 for Boxer by February 2023.

Bigger rivals Shoprite and Woolworths reported a 9.6% and 1.4% increase in annual sales, respectively.

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