

Pick n Pay helps propel local Zim partner

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21 Aug 2012

Pick n Pay's first branded store in Zimbabwe is expected to boost the sales of its local partner, Meikles, which on Thursday reported a 15% rise in turnover for the June quarter.



Pick n Pay has invested around US\$13m into TM Supermarkets and opened its first branded store in Zimbabwe in June, raising its stake in TM Supermarkets to 49% while Meikles has retained a majority stake of 51%.

"Growth in turnover was registered in TM Supermarkets and Tanganda. The new (Pick n Pay) branch has been well received by customers and has done exceptionally well to date," Meikles said in an interim management report on Thursday. Tanganda is a tea growing and processing company which also bottles mineral water products.

The company said three more Pick n Pay branded stores would be opened in Zimbabwe before the end of this year while the uplift in turnover for the supermarkets chain was expected to "continue" as refurbishment and rebranding of more branches was undertaken.

The quick growth registered by Zimbabwe's first Pick n Pay branded store will help TM Supermarkets solidify its leading retailer status ahead of OK Zimbabwe, analyst Johannes Kwangwari said.

"Pick n Pay is a bigger retailer and has the capacity to understand the needs of consumers. The growth in turnover may also have been spurred by positive sentiment by the market which drove volumes," Kwangwari said.

Economist Takunda Mugaga expected more new players in Zimbabwe's retail sector. "An economy on a recovery spends more on consumption than on investment," Mugaga said.

Besides running the TM Supermarkets chain, Meikles - whose overall turnover for the period rose to US\$89m - has other interests spanning beverages, tea growing and processing, and the hospitality sector where it holds a dominant position in leisure resorts.

Though Meikles disposed of the Cape Grace Hotel for US\$30m last year, it said the outlook for its hotels division was positive with increased traffic likely to be seen in the period after elections. The flagship Meikles Hotel in Harare is currently undergoing refurbishment and this has forced the hotel to close a wing consisting of 135 rooms, a situation that has had an impact "on revenue growth as expected".

The group's other flagship Victoria Falls Hotel is set to undergo renovations starting in November as Zimbabwean hoteliers gear up for bumper tourist arrivals on the back of the country hosting the United Nations World Tourism Organisation Assembly that will take place in August 2013. Zimbabwe and Zambia will co-host the big event.

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