

Pick n Pay CEO Pieter Boone steps down

By [Tannur Anders](#)

2 Oct 2023

Grocery retailer Pick n Pay's chief executive Pieter Boone has stepped down with immediate effect, the company said in a statement on Monday.



Customers push trolleys as they shop at a Pick n Pay store at the Trade Route Mall, in Lenasia. Source: Reuters/Siphiv e Sibeko

The outgoing CEO will be replaced by former CEO Sean Summers, the company added.



Pick n Pay's army of franchisees sees the future of retail

29 Sep 2023



(edited with additional information: 13h50, 2/10/23)

Pick n Pay's shares tumbled almost 15% on Monday after its CEO stepped down and the company said it would post an interim loss.

The exit of its CEO Pieter Boone comes as the retailer has been struggling to retain market share that it lost to bigger rival

and the country's biggest retailer Shoprite, amid immense cost pressures amongst retailers.

Boone will be replaced by former CEO Sean Summers, Pick N Pay said in a statement.

"Unfortunately, in a very difficult environment, the performance of our core Pick n Pay business... has not met expectations," chairman Gareth Ackerman said in the statement.

"Pieter accepts that the Board has decided on a change in leadership," he said.

Retailers under strain

South African retailers, especially grocery chains, have been under strain over the last year amid long hours of daily power cuts and already-high cost pressures from inflation and high interest rates.

Rivals Shoprite and Woolworths have managed to hold on to customers through discounts, customer targeting and scale of presence, while Pick n Pay has failed to match up to those, analysts have said earlier.

The country's second-biggest retailer projected a loss for the six months that ended 27 August, a U-turn from its earlier estimate for the half year where it did not expect a loss before factoring in 'abnormal costs' such as restructuring expenditure.

The expected loss is due to "a highly promotional trading environment, which impacted both sales growth and gross margin," it said, adding it expected continued headwinds in the latter half of the year.

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