

# Introducing our Next Generation supermarket

We opened 26 new look stores this year. Named “Next Generation” stores, these world-class supermarkets reflect the real progress we have made across the business over the last few years – bringing together improvements in store design, space allocation, product range, store operations, labour efficiency, technology and customer service. The response has been positive, with both customers and staff loving the new look and feel, and with encouraging financial performances, we are confident that we have the right blueprint for all new stores and refurbishments going forward. This is no longer the supermarket of the future, but the supermarket for today.

## A new look store

Next Generation stores are light, bright and spacious, and free of clutter, providing an enhanced customer experience. Customers enter our stores directly into the fresh area at the front of the store, evoking a sense of arrival into a fresh food market. Service counters are located to the rear of the fresh hall, leading customers through all fresh departments, with the use of vibrant colours, clear signage and modern lighting. The back aisle runs all the way to the furthest corner of the store, providing customers with uninterrupted views of the store and its offer, while providing dedicated product alcoves. Grocery aisles are wider, with gondola ends dedicated to promotional offers. The store layout draws customers through an efficient journey through the store, all the way to our new and improved tills.



## Stronger offer, with a focus on fresh

Our Next Generation stores provide a stronger fresh offer with a third of the store dedicated to fresh and perishable produce, including an expanded “Grab & Go” convenience range. Fresh departments, from fish and sushi, to the butchery, bakery, deli and cheese, have been revitalised, including new service counters, innovative display fixtures and modern refrigeration. Comprehensive product category reviews have ensured that our Next Generation stores reflect enhanced and streamlined product ranges that reflect our customer needs, including stronger clothing, health and beauty and baby departments. All space has been fully planned and is managed according to detailed planograms, which has improved on-shelf replenishment and product availability.

## More private label

Pick n Pay introduced or relaunched more than 900 private label products this year, all offering exceptional quality at competitive prices, with refreshed packaging. Our Next Generation stores feature expanded private label ranges and have shown good growth across all categories, particularly in our convenience range, where our garlic breads, pizzas, beef lasagne, and other ready meals have been well received. We will continue to improve and expand our private label offer, in order to drive innovation and differentiation in our stores.



## Product alcoves

The speciality product alcoves are a specific feature of our Next Generation stores. These alcoves provide customers with the opportunity to pause and browse specialist product offerings such as wine, coffee, tea and homeware. Our alcoves differ from store to store, reflecting an offer specifically tailored to meet the needs of the customers we serve.

## Advanced technology

The technology in a Next Generation store is simple, practical and innovative, designed to improve the efficiency of our store, make life easier for our employees and ultimately improve the service we offer to customers. Our advanced mobile technology includes dedicated store WiFi and mobile smart devices which allow staff to scan product barcodes to determine the quantity and location of stock on hand, order directly to the shop floor, and print shelf-edge labels. The advancement in technology has allowed us to reduce space in the back office and devote more space to the trading floor. Enhancements extend to our tills, where our cashiers are able to serve our customers more effectively and efficiently, with longer belts and faster scanners.



## Money counters

The introduction of PnP money counters in our Next Generation stores has enabled the expansion of value-added services to include event and travel ticketing, Lotto, gift cards and financial services, while providing more customer-friendly processes for bill payments and pre-paid electricity purchases.

PnP money counters also offer a selected range of cellular products, including handsets and accessories, providing our customers with added convenience. PnP money counters, found at the front of the store, have become a destination point for customers, this has reduced queue times in our till lanes, with value-added service transactions migrating to our PnP money counters.



## A more effective operating model

The management of a Next Generation store is underpinned by a more cost effective and efficient operating model. Customers experience the benefits of the enhancements in supply chain logistics, demand planning, on-shelf replenishment and staff training and scheduling, in the improved quality and availability of our products and in the quality and effectiveness of our service.