

Woolworths steps up battle for affluent shoppers

By [Ngobile Dlodla](#)

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Woolworths Holdings plans to open more stores and ramp up its on-demand delivery service, its chief executive said this week, as it steps up a turf war for South Africa's affluent shoppers.



Source: Reuters/Siphiwe Sibeko

The retailer is facing fierce competition from rivals Pick n Pay and Shoprite-owned Checkers, which have been pushing hard into the higher-margin upmarket niche previously dominated by Woolworths.

Pick n Pay and Checkers are overhauling their stores, introducing fresh produce, premium prepared food and free-range meat, as well as launching on-demand grocery delivery services.

Increasing store footprint, online capacity

"Whilst our competitors have actively been opening new stores and new formats, we've been consolidating our position, and that's seen us lose some market share in the post-Covid world," Woolworths chief executive Roy Bagattini told investors after the company reported 4.2% food sales growth in the year to 26 June, down from 6.9% the previous year.

Since 2020 Woolworths' store footprint has grown by 3%, which is "not competitive enough", he said.

"We're now stepping up our space growth in a very targeted way through new stores and the expansion of existing footprints, which will enable our growth in new categories such as pet, wellness and liquor," Bagattini said.

Woolworths will also increase online capacity by doubling its on-demand delivery fulfilment stores, he added. It currently has 48 such sites.



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R10bn capital expenditure

To support the growth initiatives, the group announced planned capital expenditure of R10bn for the next three years. Of that, 70% will go to the South Africa business, the food operation of which accounted for revenue of R39.4bn and is the company's biggest division.

Woolworths, which also operates in Australia and New Zealand, will continue to invest in lowering prices to capture new customers, Bagattini said.

Those efforts are already shifting perception, with a 10% increase in the transaction numbers from new customers, he added.

Woolworths, which also sells clothes, beauty products and homeware, reported a 6.5% jump in headline earnings per share and a 1.4% rise in group turnover, helped by an improved second-half performance as Covid-19 lockdowns eased, particularly in Australia and New Zealand.

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