



Republic of Namibia

STATEMENT

BY

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MINISTER OF TRADE AND INDUSTRY

AT

THE OFFICIAL OPENING OF THE SUPERSPAR STORE

AT THE GROVE SHOPPING MALL

27 NOVEMBER 2014

WINDHOEK

Distinguished Guests,

Dear Colleagues and Friends,

Members of the Media,

Ladies and Gentlemen,

Good evening! I would like to welcome you all here tonight and express my gratitude to the Wecke & Voigts Group for inviting me to speak at the official opening of the SUPERSPAR Store at the brand new Grove Shopping Mall in Windhoek this evening.

First of all, I wish to extend my congratulations to the Wecke & Voigts Group, a 100% Namibian-owned family business with a long history of success, going back to its establishment in 1892. Today the Group employs 800 people, generates the turnover of 600million and owns seven stores. Among them are the oldest Namibian department store Wecke & Voigts; Queenspark store; Wecke & Voigts National Wholesale; and four SPARS, including two SUPERSPARS - Hochland and Westlane Spars, Maerua Superspar and now the Grove Superspar. The new Grove SUPERSPAR is going to employ in total 220 staff and occupy the area of 4000m².

This is a great achievement not only for the business itself and its owners, but for the Namibian economy as a whole. The Wecke & Voigts Group is an excellent example of a financially prudent and stable, yet a prospering and expanding domestic family business that Namibia needs to see more of in its retail sector, and all other sectors, for the economy to grow and

sustain the increasing foreign competition. One of the fundamentals of the Group's success is the set of their core values which include:

- respecting business ethics;
- establishing high-standards for consumer service provision;
- adopting a niche market concept in seeking new opportunities;
- paying attention to staff training and quality;
- observing financially prudent management; and finally
- preserving strong family ties and relationship.

The Wecke & Voigts Group has expressed its commitment to maintaining this business approach and principles in the future, remaining a central Namibian wholesaler and retailer.

Retail is an important last link in supply chains of goods and services. Despite the rise in popularity of global online shopping, actual department stores in Namibia remain an important channel for producers, particularly for the small and medium-sized companies and farmers, to distribute their products to end-consumers. What is vital to understand here is that it is on the decisions of retailers where and what goods to source, that the product mix offered in shops depends. Consequently, what goods will eventually be on the shelves and thus land a consumer's basket also depends largely on the decisions of such retailers like the Grove SUPERSPAR and other stores.

I, therefore, would like to take this opportunity to reinstate my encouragement as the Minister of Trade and Industry to Wecke & Voigts and all retailers in Namibia to source and stock locally produced goods in their stores whenever possible. Moreover, I hereby urge also the Namibian

producers, on their part, to comply with quality and delivery requirements of retailers, since trade is certainly a two-way process. Unfortunately, the supply reliability and quality of local products has been an on-going challenge repeatedly voiced by retailers.

This is a particularly upsetting trend, given the generally high quality of Namibian products, particularly our organic and sustainable sources of meat, dairy and fruit and vegetables. A Swedish researcher once calculated that the ingredients of a typical Scandinavian breakfast . an apple, bread, butter, cheese, coffee, cream, orange juice, sugar . travelled a distance equal to that around the Earth before landing their table¹. It would be interesting to make such a calculation for a typical Namibian breakfast. Given the volumes of our imported consumer goods, the result is unlikely to be more optimistic.

Ladies and Gentlemen, I would like to, however, emphasise that Namibia has a strong and well-developed retail sector. In the recent African Retail Development Index, published by a leading global strategy consultancy AT Kearney, Namibia ranked third out of ten countries, behind Rwanda and Nigeria. The index is constructed based on four factors: time pressure, market saturation, country risk and market size. The report also states that Botswana, Namibia and South Africa have Africa's most advanced retail sectors, as well as an existing presence of international retailers. I believe this is a positive development for Namibia. Our retail sector offers opportunities for the development of wider variety of products and services, more ranges and better differentiated formats than in other African

¹ Sara DeWeerdts 'Is Local Food Better?', *World Watch Magazine*, May/June, 22 (3)

countries. This results in greater choice and better catering for the preferences and needs of the Namibian consumers, including the growing middle class.

However, it has also been of great concern to me and my Ministry that Namibia does not have the regulatory framework in place to encourage foreign retailers to re-invest some of their proceeds into the local economy, while local products, particularly by small producers, struggle to reach the shelves of major retailers. Some dominant foreign companies tend to engage into transfer pricing and other activities that bring about outflows of the capital which could rather be captured by the domestic economy.

It is against this background of the strengths and weaknesses of the Namibian retail sector that we have embarked on the development of the Namibian Retail Sector Charter. This voluntary and negotiated intervention seeks to transform the retail sector, creating a suitable climate for local contribution to the value and supply chains, better access to the retail market for Namibian beneficiaries, as well as job creation, along with other socio-economic objectives. This initiative is guided by the Fourth National Development Plan, which aspires to grow the retail sector and aims for a 20% increase in the shelving of Namibian products. The Retail Charter is also closely aligned to our Ministry's ~~the~~ Growth at Home strategy which focuses on three intervention areas: supporting value addition, upgrading and diversification for sustained growth; securing market access at home and abroad; and improving the investment climate and conditions.

I believe that the success of the Retail Charter, as well as all other government policies and strategies, including the Growth at Home, the

NDP 4 and Vision 2030, can only be achieved through a dialogue and a close cooperation between the public and private sectors.

I am pleased to state that the Wecke & Voigts Group has been supportive of this initiative through an open dialogue and a cooperative relationship with the Namibia Trade Forum which constitutes the implementing agent of the Retail Charter.

Moreover, I would like to complement the Wecke & Voigts Group on their initiative to become part of the SPAR Group in 2002. SPAR was introduced to the region already in the 1960s with the emergence of the first grocery chains in South Africa. Today the SPAR Group operates 6 distribution centres, supplying goods and services to over 1,000 SPARs across Southern Africa, including Namibia.

I may have to explain here to those who might fear that SPAR is yet another foreign company penetrating and taking over the Namibian retail sector. SPAR offers an exciting business model to retailers as well as producers and suppliers, with a potential to generate significant benefits for the local Namibian economy. The retailers wishing to join the so-called SPAR family become a member of a Guild of independent retailers. However, they are not subjected to a rigid corporate structure, since SPAR operates under "voluntary trading" principles . distinct from a franchised business. This means that while the retailers are encouraged to take advantage of SPAR's trading power, they can still source goods from local producers. They also have an input into the pricing and growth strategies of their own business within the particular community they serve. SPAR claims that as a result of this model each store has its own regional

personality and is tailored to local demand specificities . the needs and preferences of local consumers.

While the retailers in SPAR family preserve their freedom and flexibility, they also benefit from the opportunities offered by the multi-national retail giant. These include capitalising on the well-established SPAR brand and reputation, and extensive retail support services in all areas of operations, from the economies of scale in the distribution and logistics, to advertising and merchandising, to specialist advisory and staff training schemes.

Therefore, I believe that having joined this global retailersq family, the Wecke & Voigts Group has shown to the Namibian companies, including family businesses, the ways how to grow while preserving their autonomy. Wecke & Voigts now have all the necessary ingredients to maintain and enhance their success in the future. However, I would also like to hope that the Group would continue to protect the interests of the Namibian producers and consumers, remembering that before all they are one of the oldest fully Namibian-owned businesses on the market. This constitutes a good reason for pride, but also a great responsibility to the country and nation.

Finally, it needs to be highlighted that the retail industry is dependent upon the general socio-economic state of the nation . its level of employment, income, purchasing power and education. As the nation prospers and peoples earnings rise, the retail sector is also likely to grow. However, only people who are confident about their future and the future of their families, their educational and professional prospects, would have the money and be willing to spend it to nurture the economy. Promoting domestic

entrepreneurship, generating employment, training staff and providing job security, is one of the many ways to support economic growth and well-being in the whole country. This brings us back to the debate on the sourcing decisions of retailers and the importance of supporting local businesses and producers.

Ladies and Gentlemen, I thank you for your attention and wish you many pleasant shopping experiences in the Grove SUPERSPAR. To the Wecke & Voigts Group owners and employees, I wish the best of luck in running this Namibian business!

It is now my pleasure to declare the Grove SUPERSPAR officially opened!