

# Pick n Pay to cut food prices

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Grocery retailers have not been immune to the downturn in the economy despite offering essential goods to consumers.



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Pick n Pay is the latest retailer to announce it will decrease prices on a number of products to make the food basket more affordable. On Wednesday, the retailer said it had committed more than R500m to cutting prices on more than 1,300 essential items.

Group commercial executive Paula Disberry said consumers were under pressure and it was Pick n Pay's responsibility to help where it could.

"The combination of low economic growth and job insecurity, combined with the impact " of high utility and transport costs, means many South African consumers are having to cut back on all but the absolute essentials.

She said Pick n Pay had always done what it could to help shoppers, and "that is still our role today".

Disposable income declined in real terms in the eight months to January 2017. Salaries also could not keep up with the cost of living, rising an average of 3.9% in January, far below the more than 6% inflation rate recorded in that month.

Disberry said customers would see savings on the grocery items they bought most, including all mince, selected pork products, bulk beef, lamb packs, potatoes, tomatoes, mushrooms and bananas.

"Today's technology gives us tremendous insights into our customers' shopping habits, needs and preferences. We looked at research from thousands of customers across the board and talked to families throughout the country.

"Our customers are clear. In tough times, what they want most of all is value and low prices, and especially on fresh," she said.

SA's largest supermarkets are slashing prices despite the challenges brought about by the drought and currency weakness. Where retailers would have passed on the costs to consumers, many are choosing to absorb these to maintain market share or grow it.

Woolworths - which traditionally serves the upper end of the grocery retail market - has already committed to lowering its entry price points in its food section. In the half-year to December, Woolworths reported a decline in like-for-like food volume sales, a result that analysts said had a lot to do with the high prices.

Meanwhile, a Nielsen study found that customers in SA were reacting to the tight economy by buying only essentials and cutting down on luxuries, buying in bulk and switching to cheaper brands.

*Source: Business Day*

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