

David Jones Food to exit BP convenience partnership

By [Ngobile Dlodla](#)

4 Jun 2021

Australia's David Jones Food is exiting its pilot convenience partnership with BP as its South African owner Woolworths Holdings seeks to reverse a "fairly flawed" strategy that led to losses in the Australian market.



Shoppers are pictured at a David Jones department store in Sydney, June 20, 2014. Reuters/Jason Reed/File Photo

David Jones Food entered the fast-growing convenience stores market through a trial with petrol forecourt operator BP in 2019, betting on customers eating on the go more frequently.

In late 2020 Woolworths CEO Roy Bagattini announced a review of David Jones Food, which resulted in the closure of three smaller format food stores this year. These stores were loss-making, Bagattini told an investor conference call late on Wednesday.

"We're well into the process of exiting the trial that was initiated with BP," he added. "The result here is that we're going to convert the David Jones food losses to a breakeven position certainly within our next financial year."

The partnership with BP spanned 35 locations in the states of Victoria and New South Wales.

Improving David Jones' performance

Bagattini, who took over as CEO of fashion and food retailer Woolworths in 2020, is trying to improve David Jones' performance.

His predecessor Ian Moir paid a premium to bulk up in Australia in the hope of turning the company into a leading southern hemisphere retailer. But an expensive long restructuring at a time of aggressive online competition has not seen the business "transition fast enough", Bagattini said last September.

"Being very candid, I think our strategy for food with David Jones in Australia was unfortunately fairly flawed from the outset and a sort of cut and paste from South Africa was never really going to be a solution there," he said.



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Asked whether he will exit the David Jones food business, he said he expected the company to stay in food, but to run it differently, with changes including a concession model and increased focus on longer shelf-life categories.

"We're only going to be playing the game in the way that allows for food to be accretive going forward," he said.

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