

Keeping 'up to date' with consumer trends

Up-to-Date Powertrade keeps their customers happy – and it shows

Business overview

Up-to-Date Powertrade in Vredendal, Western Cape continues to live up to its name, growing from a modest fresh produce outlet 26 years ago into a powerhouse hybrid UMS-affiliated store servicing both retail and wholesale customers in 2020. This is a success story attributable to keeping 'up to date' with consumer needs and market trends.

Currently, the recently revamped and relaunched store services Vredendal and surrounding communities, with a customer base that extends to a radius of 300 km. Because many of the communities in these areas have



From left to right: Fermino Gomes, Executive General Manager, UMS Southern Division; Steve Hagen, Regional Manager, Tiger Brands: Grains Division; and Gustav Lutz, Owner of Up-to-Date Powertrade.

limited access to shopping facilities and specialised retail outlets, Up-to-Date Powertrade has evolved to cater for almost every need, with a massive grocery range, a variety of fresh fruit and vegetables,

butchery and deli, home and general merchandise such as electric fittings, furniture and plasticware, cigarettes and tobacco products, airtime, and much more, to cater for the many requirements of their

diverse customer base.

The store is a member of Unitrade Management Services (UMS), which owns the Powertrade brand. UMS is a voluntary trading organisation offering services, products and

bulk buying power to independent wholesale and retail business owners in the Southern African market. The partnership with UMS has facilitated the store's growth, enabling owners Gustav and Rene Lutz to expand their footprint across the Western Cape.

Growth over the past 10 years

Since opening in 1995 as a fresh produce wholesale outlet, the store expanded into a hybrid wholesale/retail outlet under the Powertrade brand in 2010. There have been many challenges along the way, not least the Covid-19 pandemic. However, after not only

weathering the storm, but indeed prospering, in 2020 the store underwent a revamp, expanded its offering, and entered the digital economy.

Gustav Lutz originally opened the store in Vredendal as a fresh produce outlet for the purpose of selling surplus produce from his Lutzville fruit and vegetable farm. The farming community of Lutzville lies 27 km from Vredendal. Vredendal is a small but prosperous town, and the administrative and commercial centre for the area between the Northern Oliphants River Valley and Southern Namaqualand districts in the northern part of the Western Cape.

In October 2009, Gustav accepted an offer to join the UMS family. They moved into larger premises in Vredendal and incorporated the UMS Powertrade brand into their store. In 2010, the new partnership was celebrated with a revamp and a relaunch of the store, which had now grown from the original 280 m² to 1 400 m² – a tribute to their market appeal and community support, which had burgeoned since the early days.

“The Lutz family has been in the area for generations and is firmly entrenched in the community. Consequently, Gustav has a deep and empathetic understanding of the people – their needs, challenges, and preferences,” says Fermino Gomes, Executive General Manager, UMS Southern Division. “For Gustav, the store goes far beyond simply conducting business in the district – it is an integral part of many communities in their distribution area, providing a critical social and economic hub. Although other corporate



Amidst much enthusiasm, shoppers explored savings, competitions and promotions during the reopening celebrations of Up-to-Date Powertrade in Vredendal on 23 and 24 October 2020.



Bumper bonanzas for all – food hampers, competitions, and prizes during the October/November 2020 relaunch.

supermarkets operate in Vredendal, Gustav enjoys enormous support as he is seen as a community patriarch and a man of enormous humility and respectfulness. It is, therefore, a privilege and pleasure for UMS to partner with Up-to-Date Powertrade, to provide the business with improved buying power and access to a wider range of affordable products and services.”

Following Up-to-Date Powertrade’s second major revamp in 2010, the store relaunched again on 23 and 24 October 2020, with an expanded trading area, refreshed branding, and extended delivery range. The celebrations kicked off with deep-cut promotions and competitions for shoppers.

Prizes included grocery hampers and vouchers to the value of R20 000. Other prizes included TV sets and Weber braais, with the store’s specials and competitions continuing into the month of November.

The store

With the 2020 relaunch, branding and presentation have transformed the store. Supplier-sponsored signage – as well as fresh coats of paint – revitalise the walls and entrances, while indoor and delivery vehicle branding broadcast messages of ‘We love our customers’ and ‘Bigger savings Better living’.

As the Covid-19 pandemic set in, which overlapped with the store’s relaunch, product displays in the current sections were expanded to provide a wider range to customers, especially in the sanitising/disinfectant section. Unsurprisingly, their sanitation, health and hygiene product range has burgeoned.

The prices of certain essential products were also reduced. Most importantly for outlying areas and vulnerable communities, the delivery service – already intensely utilised – was expanded in terms of the number of delivery vehicles, and additional delivery routes with more regular delivery schedules. This included home deliveries, which were stepped up with a reach from Loeriesfontein up to the Richtersveld. In accordance with gazetted Covid-19 regulations, a certain limit was placed on in-store customers at any one time, temperatures were scanned, and hands sanitised when entering the store. Now, the store still follows stringent



health and safety measures, with the store itself sanitised at least twice a day – every morning and evening.

The show goes on

Even during a pandemic, business continues, and Up-to-Date Powertrade’s relaunch highlights its growth areas. With the October 2020 upgrade, the store specifications show an impressive increase since 2010, with a three-fold rise in staff complement and a similar increase in trading area (See table below).

What’s changed in their market?

The partnership between Up-to-Date Powertrade and UMS has certainly made it possible to establish this community store as a favourite among local retailers and shoppers. At the cog of the store’s success, however, is the business acumen and customer-centric values of owners Gustav and Rene Lutz. Their ‘people before profit’ approach was very evident during the pandemic.

“We are very aware of the negative influence the current economic circumstances are having on all consumers, and for this reason we decided to lower prices on certain products,” explained Gustav at the 2020 relaunch. “Without UMS and our suppliers, these reopening promotions and all the improvements in the store would not have been possible,” he adds with his customary humility.

Up-to-Date Powertrade saw an approximate three-fold growth in the last 10 years		
Specification	2010 launch of UMS partnership	2020 relaunch
Trading area	1 400 m ²	5 500 m ²
Staff complement	40	120
Checkouts	12	15



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The pandemic certainly changed the behaviour of their market, and they have had to adapt the store and their services, for example, by introducing online ordering and home deliveries. Customers can call, email, or post their order on the store's WhatsApp group – depending on their level of savvy with, and access to, various devices and platforms.

Innovations and upgrades

- With the 2020 upgrade, a strategic decision was taken not to add any new sections, as the store already included all categories needed to service their customer base – an exercise in market intelligence spanning 25 years. However, existing departments underwent major renovations and improvements in both service, display, and product range. The two existing ATMs are also still on site.
- A special focus was given to cost-effectiveness, safety, hygiene, and a service tailored to the difficult circumstances of many of the communities in their distribution footprint.
- Their recently introduced WhatsApp broadcast group provides streamlined communication with their existing customer base. News, information, and special offers are broadcast each month, including information about changes in product ranges and lowered prices on different products – allowing customers to stock up for their various needs on a rotational basis.



"We are continuously aware of the impact that the lockdown has had on customers – and continues to have. Striving to provide offerings to suit our customers' pockets is constantly foremost on our mind," says Gustav.

"All our suppliers, as well as UMS and their team, have made this possible and continue to do so."

Warehousing and deliveries

Storage and merchandising are organised according to the following categories:

- flour, rice and other dry products
- soft drinks, water, sweets and snacks
- toiletries, hygiene and sanitation products
- furniture and appliances
- cold storage facilities for meat, vegetables and dairy
- freezers for meat, poultry and dairy products.



“In a multi-dimensional hybrid store such as ours, it is of utmost importance that the well-ordered and well-organized storage of all types of goods is assured,” says Gustav.

In the warehouse, each storage area has a forklift driver who ensures product rotation, monitored by a divisional head. Strict general compliance with health and sanitising rules is also constantly monitored, for example, regular spraying and routine prevention practices.

Deliveries are made directly to specific areas after collation of orders per district. After receipts are issued, orders are confirmed. Stock quantities are then meticulously checked. Essential documentation is required (invoices, delivery notes, etc.) before a goods receipt is issued.

The system is geared up to receive, process, and produce packed products per delivery area ready for sale in the minimal time possible. Since 1995, this system has been evolving and is constantly refined as the store’s market base and product range expand. Today, Up-to-Date Powertrade reports that they have managed to meet client needs efficiently and cost-effectively in all areas within their distribution range.

The supplier opportunity

The Lutz’s are passionate about supporting local suppliers and entrepreneurs – especially since this is where their origins lie.

This is especially true of their fresh fruit and vegetable range. Gustav explains: “Vegetables and fruit are purchased firstly from local suppliers,



Ready for the road and sporting the stores ‘Bigger Savings, Better Living’ branding.

and then from producers based in other areas of our country.” Naturally, as they have grown, their supplier base has extended, but is still very much inclusive of local produce.

Ever supportive of the entrepreneurial spirit, Gustav says that Up-to-Date Powertrade provides an opportunity for any entrepreneur who wants to come and introduce a product. “It is our passion and we always encourage suppliers to approach us

with ideas and new products, which we will test in our target market.”

Gustav acknowledges the advantages of now being part of the UMS independent buying group, which includes a solid, reliable, and quality supplier base. There is also the freedom for the store to implement its own innovations. As an example, they introduced a furniture division after a needs assessment in 2016.



Bulk purchasing is the mainstay of many communities in the area. Monthly bulk price cuts are varied on a rotational basis to allow shoppers and stokvels to stock up on all their various needs through the year.

Target markets, building the business and expanding the footprint

Up-to-Date Powertrade services a market that demands:

- value for money
- convenient deliveries
- customer service
- bulk purchases with a cost advantage.

Juggling all these demands is “probably the most interesting part of a business, in my opinion,” says Gustav.

“Although you can’t be everything for everyone,” he says, “you can monitor what type of client is increasingly buying, and what they are buying more of, allowing you to deliberately concentrate on satisfying that client.” The contribution of staff

in this regard is critical. “There is a finely-tuned interaction needed to keep staff sensitive to clients’ needs, as well as to supplier input.”

Building and expanding the business has required the Lutz’s to remain competitive over the years, as well as to continually provide viable services and products even in a stressed economic climate over which one has little or no control.

“Staying closely attuned to your client’s changing needs, and negotiating the right price, is a balance that is always being pursued,” explains Gustav.

Some of the additional departments added over the years as the result of regular needs analyses include a butchery, bakery and, as mentioned, a furniture division.

“It is very important to me that we remain part of the communities around us, rather than simply a spectator or visitor. It makes for a deeper penetrating and longer-lasting footprint.”

Communicating with customers

Customers, both retail and wholesale, have these communication and information channels available:

- direct service in-store
- cell phone or landline
- email
- WhatsApp and Facebook
- Radio Namakwaland, which beams out all the latest information on store specials and has a wide reach in the Western Cape.

Perseverance pays off

Since 1995, what was a small Vredendal fresh produce store has seen enormous growth and renewal, for which the Lutz’s are very grateful. However, the journey has demanded perseverance, original thinking, and the forging of strong partnerships.

Gustav explains: “This is a ceaseless, persistent process requiring a carefully monitored interaction between...

- good, healthy management
- implementation of reliable technology
- always being sensitive towards clients’ needs
- building trust with suppliers and partners.”



Collectively, these factors have allowed the store to prosper by providing the best possible prices and a sustainable, quality service and product. **SR**



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