



## Promoting economic growth by enabling trade in SA's lucrative informal market

The informal business sector in South Africa has a staggering 120000+ spaza shops that serve a growing consumer market worth in excess of R100 billion. While this market is increasingly important for economic growth, its supply chain is often overlooked and undervalued.

Unique in many ways, the informal market sector poses tremendous challenges for suppliers of goods and market entry requires comprehensive knowledge of logistics and consumer behaviour. In reality, these do not form part of many suppliers' core competencies as the barriers to entry are simply too steep.

Fortunately, there is a company well positioned with extensive infrastructure and a national footprint to bridge the gap. Key Distributors, a Value Group company, is an established wholesaler and Logistics Service Provider (LSP) that helps to develop the informal retail market as well as the forecourts market sector with specialised expertise gained over 19 years of service.

To ensure continued success and sustainability, there are key factors that need dedicated attention from this kind of specialist.

### Addressing unique channel and consumer needs

The first distinguishing factor in the informal sector is consumers' specific demands in terms of product choices, packaging and volumes. In addition, consumers' buying patterns and household needs are dynamic and may change quickly. Spaza shop owners and retailers need a supply chain partner that understands these market forces.

Since inception in 2001, Key Distributors has become an expert in this field. Penetrating and developing this market requires the right business model and the ability to adapt, based on nearly two decades, Key Distributors have gained comprehensive knowledge and understanding of what governs this market and continuously optimise operational strategies with proven success that benefits suppliers and customers.

Key Distributors not only *moves* goods from source to store but also *buys* products from suppliers and *sells* these to informal business owners. As a proficient

wholesaler, with a focus on building relationships and sharing information, the company has built this capability over a period of 19 years through which it gained insight into what products work in the informal market sector. With distribution expertise and extensive capability, it knows when and how to distribute, and has the capacity to quickly adapt route-to-market strategies.

Being part of the Value Group that has a national footprint benefits the channel and markets that Key Distributors serve. Having access to the Group's vast capability, infrastructure and technology, Key is able to optimise efficiency that drives economic progress.

## Enabling growth through convenience

This market is unique in terms of location, operating hours and responsibility. Spaza shops locations are chosen for utmost consumer convenience and these shops also have extensive trading hours. In the majority of cases, business owners fulfill all of the roles that are critical to store management and as such, they need to be at their shops at all times.

Enabling them to operate at their full capacity, Key Distributors offers total distribution convenience. Products are delivered within preferred times directly to the shop's premises while new orders are obtained on-site. The company also assists in merchandising and promotional activities which holds tremendous value for shop owners.

This sector demands flexibility. By going the extra mile and delivering a convenient service, Key Distributors enable spaza shop entrepreneurs and independent retailers to stay economically active. In terms of location and trading hours, Key enable them to be accessible and open for consumers as and when they need to be.

## Value passed onto consumers

Another critical service rendered by spaza shops is the availability of products in small quantities, making these affordable for all consumers. Being able to distribute products in preferred quantities, Key Distributors plays a significant role in enabling the channel to function better and making it possible for consumers to buy what they need – in the quantities they need and when they need.

Owned by Value Logistics but operating as an independent entity within the Group, Key Distributors is a wholesaler on wheels. It buys goods from relevant suppliers, warehouses the goods and then, through a team of sales representatives and merchandisers, obtains and fulfils orders through direct delivery.

With 19 years' experience Key Distributors know this market inside-out and provide an end-to-end logistics service that includes important nodes of value, such as warehousing. Having access to national infrastructure including fleet and warehousing, Key Distributors is able to offer on-time delivery with short lead times.

Key Distributors supplies hundreds of products from various manufacturers and suppliers to spaza shops, all over the country, delivering a high convenience factor to traders and their customers, the people of South Africa.