



THE MARKET

Consumer-electronics retail store network Hi-Fi Corporation was founded some 16 years ago and took the South African market by storm with discounts as high as 40 percent on well-known brand names, compared to existing retailers.

Since then, the brand has become a household name - and one that can today boast a market comprising every income group in the country. From mobile phones to cameras, white goods to large screen television sets, South Africans look to Hi-Fi Corporation for their biggest savings on quality equipment.

Acquired by the JD Group in 2003, Hi-Fi Corporation is now the largest audio and visual warehouse in the southern hemisphere, built predominantly on bringing the lowest possible prices to market - even at the expense, in many instances, of margins.

Consumer electronics is an aggressive market and Hi-Fi Corporation has continually maintained market position by combining service, price and promotional activities in a strategy that has created a Superbrand.

Hi-Fi Corporation operates 35 stores across Southern Africa and still carries the largest range of electronic goods under one roof - more than 6, 000 products in a single store. It's about offering the widest range at the lowest price, every day.

Around 99 percent of Hi-Fi Corporation's goods are now sourced locally, from the original manufacturer, and fully backed by the manufacturer's guarantees. Top international brands such as Sony, Panasonic, Defy, LG, Acer, Canon, Sharp, Nikon, KIC and HP, to name a few, offer full brand backup.

From cellular phones to cameras, DVD recorders to ipods, consumers trust Hi-Fi Corporation to deliver the goods when it comes to cost, service and customer satisfaction.

ACHIEVEMENTS

In its 16-year history, Hi-Fi Corporation has consistently improved its consumer offerings,

leading the public to vote the brand Best Electronic Store in 2004, 2006, 2007, 2008 and 2009 in the Best of Johannesburg Awards.

Growing from a single store to 35 across the country in just less than 16 years is an achievement the brand and its holding company, the JD group, is proud of. Over the years, Hi-Fi Corporation has been able to position itself as both a mass discounter and an electronics specialist, joining two areas that have traditionally been "either or" sectors in retailing.

HISTORY

One man's entrepreneurship and vision changed the face of the retail electronics industry in South Africa forever: in 1993 Yaron Remen, shocked by the inflated prices consumers were being charged for electronic goods, saw an opportunity to import genuine brand names at realistic prices and pass the savings on to the customer.

The first store opened its doors in Wynberg, Sandton, and its entire stock holding was sold out within a week. There was great demand for these products and the consumer finally had a price champion. The Hi-Fi Corporation success story had begun.

In some instances, Hi-Fi Corporation was slicing up to 40 percent off opposition retailers' prices on the same product. The popularity of the brand saw the opening of 34 more stores over the next 16 years, as the chain grew from strength to strength.

Acquired by JD Group in 2003, Hi-Fi Corporation now extends its footprint across South Africa into Windhoek in Namibia and Gaborone in Botswana.

THE PRODUCT

As a consumer-electronics retail store network, Hi-Fi Corporation is "living the promise" with a three-way guarantee:

- Price: if customers find the same product at a lower price within seven days, Hi-Fi Corporation will refund 105 percent of the difference

- Quality: Hi-Fi Corporation sells only original, genuine products; all products are SABS tested and conform to stringent international safety and quality requirements - and most a minimum one-year Hi-Fi Corporation guarantee
- Service: Hi-Fi Corporation offers a 14-day exchange guarantee on faulty products and thereafter, during the guarantee period, faulty products will be repaired within 21 days or thereafter, replaced with a similar product

While terms and conditions apply, Hi-Fi Corporation also offers a no-nonsense Double Impact Guarantee on some of the items it sells. The guarantee comprises the following:

- an additional two-year guarantee over and above the original guarantee on the product
- a guaranteed loan unit, provided for basic functionality, if the item is sent for repairs and is not returned to the customer within seven days
- double the difference back within 30 days if the customer finds the same product cheaper elsewhere

The massive range of products available from each Hi-Fi Corporation store is designed to meet the requirements of every shopper, from the housewife buying a dishwasher, a student purchasing a laptop or printer or a teenager needing a hairdryer, to a business person looking for a GPS or a desktop computer.

RECENT DEVELOPMENTS

After extensive research, October 2008 saw the brand begin a two-year repositioning initiative that brings a complete new look and feel to every store, along with the new payoff line, "lowest price, every day".

The rollout began with the Tokai, Amanzimtoti, Woodmead and The Glen stores, and makes shopping at Hi-Fi Corporation a far better experience. Spacious aisles in the retail outlets and signage that clearly identifies product areas are now complemented by a long-term



staff upskilling program, in line with the JD Group's Art of Service Strategy.

Much of the focus is now on offering supreme customer service. In a South African first, Hi-Fi Corporation has installed cutting-edge equipment-testing stations in every store which can determine on the spot, what repairs need to be made to items brought in by customers. This cuts out the time that used to be taken in sending appliances to the manufacturer and waiting for a response for the client. The service results not only in a quicker turnaround, but in customers understanding the extent of the repairs necessary before they leave the store.

The Art of Service Strategy is a group-wide move towards improving the customers' in-store experience at all levels. Hi-Fi Corporation shoppers are assured of making their high-quality, high-end purchases in a pleasant, service-centric environment.

Under the leadership of Allan Herman, who was appointed Chief Executive Officer of Hi-Fi Corporation in June 2009, the rollout is expected to be complete by mid-2010, while staff training will be ongoing.

In a move that brings even more convenience

to customers, Hi-Fi Corporation has also set up Vodacom kiosks in all its South African branches to enable fast and friendly sign-up for cellular contracts.

PROMOTION

Hi-Fi Corporation uses a broad mix of media to promote its products, including radio, television, newspaper inserts and advertisements. The company's website allows the online community to view products and compare prices, while an electronic newsletter sent to a database of some 130,000 people encourages visits to the site.

Newspaper inserts and flyers handed to shoppers at Hi-Fi Corporation advertise product specials - television sets, fridges, sound systems, food

mixers, cell and landline phones, iPods and laptops - indicating both cash prices and hire-purchase payments. Payment options are handled by HiFinance, the division that oversees hire-purchase options across the JD group.

Hi-Fi Corporation sales have become known around the country for offering items at "ridiculous" prices. Years of experience

have shown staff that preparation for a sale is vital: many customers sleep outside the store in anticipation of its opening, for the chance to buy a 2000 rand product for less than 1000 rand.

Staff members erect fencing to keep queues orderly and ensure everyone has a fair chance at an exceptional bargain. With between 3000 and 4000 shoppers at a Hi-Fi Corporation opening sale, it's key that those manning the floors are able to deal with everyone in an orderly yet enthusiastic fashion.

BRAND VALUES

The brand pledges to achieve and pursue excellence beyond its own and its customers' expectations, making a "great deal a great experience".

Hi-Fi Corporation's vision is to be the leading one-stop retailer of branded, private-label, content and associated services in electrical and electronic solutions in the South African market.

The company's mission statement reflects its payoff line: Lowest price every day. This is one of the founding principles of the chain and one the brand has adhered to in every economic condition.

For staff, Hi-Fi Corporation has a code of conduct that states:

- Smile and welcome every customer with the right attitude at all times
- Have a helpful and informative attitude
- Practise initiative and discretion in all our decisions
- Adopt a professional attitude in all we do
- Thank the customer and show gratitude for every purchase
- Pride ourselves in all our achievements

A description of the brand's values would, from a customer's perspective, include the words "value, quality, service and satisfaction".

THINGS YOU DIDN'T KNOW ABOUT HI-FI CORPORATION

- Every Hi-Fi Corporation store now has a state-of-the-art testing facility to diagnose problems with equipment or products customers bring in for repair
- Most of the high-quality international brands sold in Hi-Fi Corporation stores are supported by the manufacturers locally
- Hi-Fi Corporation has set up Vodacom kiosks in all of its South African branches to enable fast and friendly sign-up for cellular contracts
- The first 15 customers to buy a branded laptop at the relaunch of the Hi-Fi Corporation The Glen store got the computer at less than 3000 rand
- Hi-Fi Corporation remains one of the most reasonably priced electronic retailers in the country

