



Renier van Rooyen and Pep Stores, Limited: The Genesis of a South African Entrepreneur and Retail Empire

Anton Ehlers

Renier van Rooyen established Pep Stores, a South African retail clothing company, in Upington, South Africa, in 1965. My focus in this paper is the genesis of Renier van Rooyen as entrepreneur during the period leading up to the founding of Pep Stores, Limited. I attempt to situate these developments within the broader local, regional, and national context of the time and identify the factors, circumstances, or influences that had an impact on van Rooyen's early entrepreneurial development and the fortunes of his business ventures. The van Rooyen case suggests a wide range of factors, from childhood poverty, personal and family networks, and the influence of the local and national business community, to the socio-economic and political context. These are, however, secondary to the agency of the prime mover, van Rooyen, who commands center stage in his early entrepreneurial development and the eventual success of his business.

Renier van Rooyen established Pep Stores, a South African retail clothing company, in Upington, South Africa, in 1965. The company focused on the lower end of the South African market, which consisted mainly of Coloureds, Africans, and poor whites. Although the individual spending power of these groups was not great, collectively they possessed immense buying power. Today Pep Stores has more than a thousand branches spread over Southern Africa and is aiming for a R1 billion (one billion rand) operating profit in 2009.

My focus in this article is the genesis of Renier van Rooyen's entrepreneurship during the period leading up to the founding of Pep Stores, Limited. Starting with his childhood, I trace van Rooyen's development as an entrepreneur from a young man leaving school in 1948 with no vocational direction, to a clerkship in a magistrate's office, to his co-ownership of the Bargain Shop, to the establishment of his first company, Bargain Stores (Pty.) Ltd., in 1957, to the founding of Pep Stores as a retail clothing company in 1965.

I attempt to situate these developments within the broader local, regional, and national contexts of the time and to identify the factors, circumstances, or influences that affected van Rooyen's early entrepreneurial development and the fortunes of his business ventures. Mindful of Edith Penrose's reference to entrepreneurship as a

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“slippery concept,” I suggest a wide range of factors were influential in the van Rooyen case.¹ These range from childhood poverty, personal and family networks, and the influence of the local and national business community, to the socio-economic and political context. They are, however, secondary to the agency of the prime mover, van Rooyen, who commands center stage in his early entrepreneurial development and the eventual success of his business. Although it is not my task to explore this factor, the model, framework, or pattern of his early entrepreneurial development is a starting point to determine if it is possible to develop an empirically based model or to identify a pattern of factors that influence early entrepreneurial development among contemporary Afrikaner entrepreneurs.

Childhood

Renier van Rooyen was born in Kenhardt in the Northern Cape on November 28, 1931, the youngest of four children of a poor livestock speculator who also raised wheat, maize, chickens, and sheep on a limited scale.² When van Rooyen was 10, a flash flood destroyed the family’s smallholding and washed away almost all their earthly possessions. His father could never recover from this setback, and by the time of his death in 1946 at age 53, the family was dependent on a military pension and the mercy of others for their survival. Then aged 15, van Rooyen was ashamed of the stigma of his family’s poverty, and he tended to withdraw from the activities of the local community. After his father’s death, his mother had to keep the family going by performing a variety of chores such as needlework, making soap, acting as a midwife, and laying out bodies.³ From his mother he learned that the most important criteria for a happy existence are rooted in hard work, fairness, and incorruptible honesty.⁴ The family’s circumstances forced van Rooyen’s older brother and sister, Gert and Baba, to leave school early, with Gert performing manual labor at a nearby irrigation scheme, while Baba become a shop assistant.

The poor circumstances of his family left a lasting impression on van Rooyen, and the reversal of their fortunes became a driving force in his life. His own contribution to his family’s survival included undertaking chores such as chopping firewood and being an usher at film showings in the school hall; from the age of 12, he assisted with the upkeep of the tennis courts of the town at half a crown per month.⁵

¹ Edith T. Penrose, *The Theory of The Growth of the Firm* (White Plains, N.Y., 1980), 33.

² “Leon Kok, Personality Profile,” *Financial Gazette*, 9 June 1972; “Geld het net sy dasse verander” [Money Only Changed His Ties], *Rapport*, 18 June 1972; “Robbert van der Kooy Profiel: Renier van Rooyen: Die renaissance van ’n plattelander [Robbert van der Kooy—Profile: Renier van Rooyen: The Renaissance of a Countryman], *Die Transvaler* [The Transvaler], 22 May 1972.

³ Cape Archives Depot, HANC1/1/15/5/7 Archives of the Registrar of Marriages, Births and Deaths, Northern Cape Region, 1860 (Magistrate Kenhardt, May 1946–May 1950, entry no. 109); “Millionaire Renier May Finally Finish His BA,” *The Argus*, 12 Nov. 1981; Isak J. Louw, Pep Stores manuscript on the history of the company, 3–6, Pep Stores Archives [hereafter, PSA]; “Winkel-reus se baas behou ‘baba’—Sybelle Albrecht” [Boss of Shop Giant Retains ‘Baby’—Sybelle Albrecht], *Die Vaderland* [The Fatherland], 16 Nov 1981.

⁴ “Winkel-reus se baas behou ‘baba’—Sybelle Albrecht.”

⁵ Louw, Pep Stores manuscript on the history of the company, 3–6.

According to van Rooyen's own testimony, the headmaster of Kenhardt High School, B. H. Burger, had a profound influence in shaping his character and enhancing his self-esteem during these difficult early years. Despite the limitations of a small rural secondary school, Burger succeeded through his unconventional educational approach to broaden the horizons of his learners. Among other things, he used extra periods on Friday afternoons to introduce his students to topics such as music appreciation, Shakespeare, economic history, and worldwide political trends. Burger's approach appealed to van Rooyen, who was consistently the top academic achiever in his class. The rapport that developed between them led to many conversations that broadened van Rooyen's vision and built up his self-esteem.⁶ In 1948, at the age of 17, van Rooyen passed his matriculation exam (first class) at Kenhardt High School.⁷

Early Vocational Career

"Lack[ing] a strong sense of vocational direction," van Rooyen took his first job in 1949 as a Receiver of Revenue clerk in the Magistrate's Office in Kuruman.⁸ His almost immediate request for a transfer to Kenhardt was granted after six months. This placed him closer to his mother, with whom he stayed in Kenhardt, and made it possible for him to save some money for his plans to attend university.⁹ Encouraged by his former high school principal, he enrolled in a Bachelor of Arts program at Stellenbosch University in 1950. To finance his studies he secured a £250 private loan from Hugh Connor, a Kenhardt farmer, through the intervention and recommendation of B. H. Burger.¹⁰ He recalled:

I also had about £100 I had saved while working for the Department of Justice in Kuruman and Kenhardt. But after three months I realized the course was not for me. I wanted to change to law, but did not have the courage to go back to my old principal and ask for more money.¹¹

Not being very happy at Stellenbosch, he terminated his studies, repaid the loan, and joined the Department of Justice in Stellenbosch; from there he transferred to Upington.¹²

In September 1950, he took up employment in the Receiver of Revenue section of the Magistrate's Office in Upington.¹³ While working in the office of the Receiver of

⁶ Ibid., 3.

⁷ "Robbert van der Kooy Profiel: Renier van Rooyen"; University of Stellenbosch Student Records Office, Renier van Rooyen file, student number 5021510; Renier van Rooyen, interview with author, 3 June 2005.

⁸ "Leon Kok, Personality Profile."

⁹ "Helgard Pienaar, The Younger Ones: Renier van Rooyen Has That Harvard Look," *Sunday Times* (Johannesburg), 25 Oct. 1970; Renier van Rooyen, interview with author, 3 June 2005.

¹⁰ Renier van Rooyen, interview with author, 3 June 2005.

¹¹ "Millionaire Renier May Finally Finish His BA."

¹² University of Stellenbosch Student Record Office, Renier van Rooyen file; "Robbert van der Kooy—Priefel: Renier van Rooyen"; "Millionaire Renier May Finally Finish His BA"; Renier van Rooyen, interview with author, 3 June 2005.

Revenue, he met Wouter Brink, an associate of a well-known Afrikaans auditors' firm of the time, Brink, Roos, and Du Toit. The diligent and hard-working young van Rooyen, who often worked overtime to complete the firm's paperwork on time, impressed Brink. According to van Rooyen's own testimony, he felt that the monthly salary he received as a civil servant (£18 3s 4d) was too little money for too much work and responsibility. After having paid his monthly rent, he had almost nothing to spend.¹⁴

After an association of about a year, Brink offered van Rooyen a job at a salary three times that which he was earning in the office of the Receiver of Revenue. Because van Rooyen was not interested in auditing, Brink appointed him secretary of Associated Tungsten Mines, of which Brink was a shareholder and director. Van Rooyen's job description as secretary of the Upington-based mine company included a wide variety of tasks varying from purchases of equipment, recruiting laborers, overseeing the building of stores or shelters for mine equipment, receiving and dispatching the 160-pound bags of mined tungsten, and administrative supervision over the paying of salaries and wages. The salary of £54 van Rooyen received at the end of his first month at the mine was testimony to the fact that Wouter Brink was a man of his word and to the high esteem in which he held van Rooyen as a 19-year-old employee.¹⁵

In the context of van Rooyen's entrepreneurial career, this brief but intense stint at Associated Tungsten Mines was important. He gained his first experience in buying goods for a company and comparing prices, as well as in other activities such as recruiting staff.¹⁶ Apart from these acquired skills, the fortunes of Associated Tungsten Mines served as a valuable lesson to the young van Rooyen. They demonstrated that local business did not operate in a vacuum, but was vulnerable to, and influenced by, the wider international context in which it operated, particularly if it was dependent on international markets. The company's fortunes also demonstrated the danger of over-capitalization fed by an unrealistic optimism in the future of a single product.

The development of the mine took place against the background of a strong American demand for tungsten during the Korean War. With prices at £2,000 a ton, the mine was booming, which led to overspending on capital investment such as

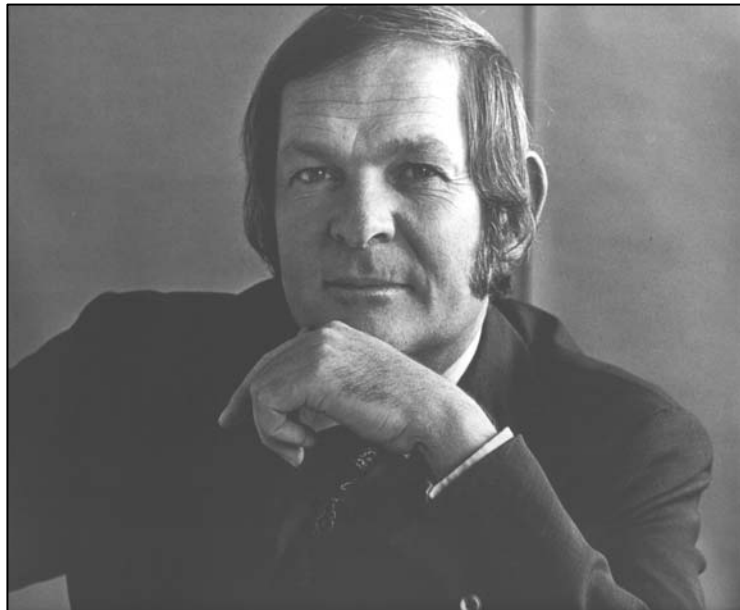
¹³ "Jong Reus het sy oorsprong op Upington gehad" [Young Giant Originated in Upington], *Die Gembok*, 18 June 1971; Renier van Rooyen, interview with author, 3 June 2005.

¹⁴ Renier van Rooyen, interview with author, 3 June 2005.

¹⁵ "Helgard Pienaar, The Younger Ones: Renier van Rooyen Has That Harvard Look"; "Jong Reus het sy oorsprong op Upington gehad"; "Pep—op pad beurs toe—mik na R30 miljoen [Pep—On Its Way to the Stock Exchange—Aim for R30 Million] *Tegniek* [Technique] 24, no. 54 (May 1972); "Die Pep Verhaal" [The Pep Story] *Kuilsrivier-Nuus* [Kuilsriver News], 9 Oct. 1981; Renier van Rooyen, interview with author, 3 June 2005.

¹⁶ "Renier van Rooyen vestig Afrikaner in kleinhandel—Piet Beukes" [Renier van Rooyen Established Afrikaner in Retailing—Piet Beukes], *Tegniek* 33, no. 7 (July 1981).

FIGURE 1
Renier van Rooyen at 40



Source: *Pep Stores, Limited, Annual Report, 1972* (front page), Pep Stores Archives.

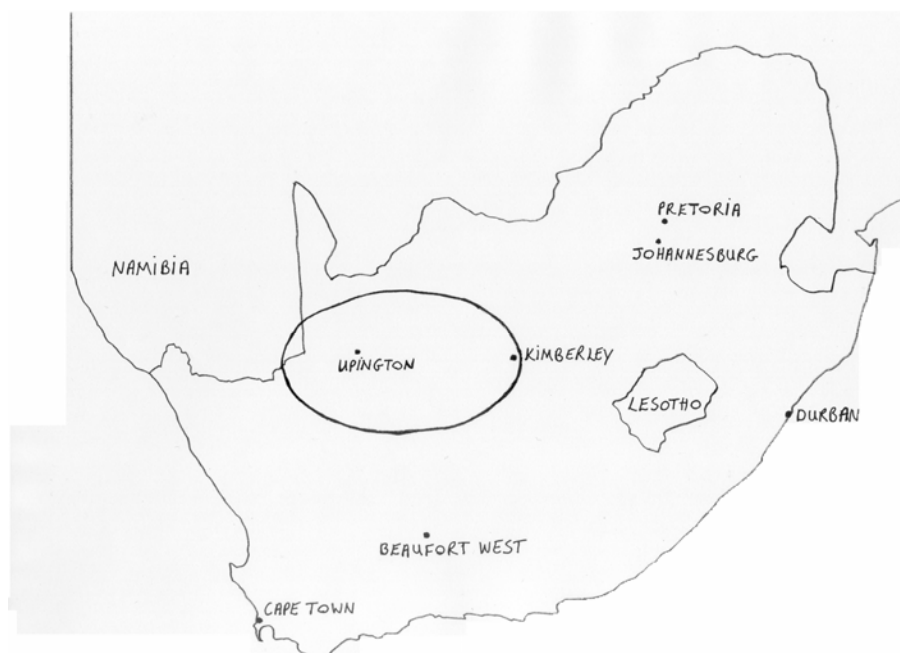
Machinery and the mine's lorry fleet, as well as on its power station, which was bigger than that of Upington. Van Rooyen's overseers ignored his attempts to bring this to their attention. The end of the Korean War and the negative impact it had on the tungsten market abruptly ended the mine's bright future. The price of tungsten dropped from £2,000 to £760 per ton overnight. Against this background, van Rooyen did not see any future for the mine and resigned after only six months.¹⁷ Four months after he resigned, the mine closed.¹⁸

After resigning from Associated Tungsten Mines in 1952 at the age of 20, van Rooyen rented a small office from one Edelstein, the Jewish owner of a furnisher store in Upington. From the office, he started a private agency and accounting business, supplying farmers with products such as cattle-lick, windmills, and wire, completing their tax returns, and doing bookkeeping for small local businesses such as Edelstein's. His business expanded when James Nel, his former chief in the Receiver of Revenue section of the Magistrate's Office in Upington, approached him to fill the position of messenger of the court in Upington after the discharge of the previous messenger for committing fraud. Nel gave van Rooyen two reasons why he had to take the job. The remuneration was good, and Nel was under pressure to appoint someone who was capable and who could restore trust in the position after the scandal caused by the previous messenger. Van Rooyen accepted the offer.

¹⁷ Renier van Rooyen, interview with author, 3 June 2005; "Dié sakeman het almal verbaas—Piet Beukes" [This Businessman Astonished Everybody—Piet Beukes], *Hoofstad* [Capital City], 2 June 1972.

¹⁸ Renier van Rooyen, interview with author, 3 June 2005.

FIGURE 2
Map of South African Region



Source: Hand-drawn map.

Note: The encircled area is part of the North West, the region in South Africa where van Rooyen spent his early entrepreneurial career.

This new position made a car a necessity, because van Rooyen had to deliver court summonses and make inventories of people's possessions for court orders. Lacking the capital for a car, he turned to "Oom" (Uncle) Japie du Toit, one of the wealthier Kenhardt farmers. They had become better acquainted when Du Toit started buying farm equipment from van Rooyen and approached him to complete his tax return forms. Du Toit agreed to lend him £500 without any surety or collateral security.¹⁹ Van Rooyen used the money to buy a car and office furniture, and to see him through the initial stages of his agency, bookkeeping, and bailiff business.²⁰ He cherished the trust that Du Toit placed in him (he gave van Rooyen his checkbook and asked him to write out his own check and the amount he wanted to borrow without demanding an IOU) as one of the most positive experiences of his life, and described him as "a very good man."²¹

¹⁹ Renier van Rooyen, interview with author, 3 June 2005; "Man Who Puts Pep into Stores," *The Star*, 23 May 1972; "Renier van Rooyen vestig Afrikaner in kleinhandel—Piet Beukes"; "Jong reus het sy oorsprong op Upington gehad"; "Millionaire Renier May Finally Finish His BA"; "Die sakeman het almal verbaas"; Alice van Rooyen, interview with author, 22 Feb. 2007.

²⁰ "Man Who Puts Pep into Stores."

²¹ "Pep propvol pep" [Pep Full of Pep], *Volkshandel* [Volks Trade/Commerce], 9 July 1972; Renier van Rooyen, interview with author, 3 June 2005.

Van Rooyen claimed that his first business in tandem with his work as bailiff, apart from giving him much-needed experience in sales and auctioneering, made him acutely aware of the dangers and problems associated with debt incurred through hire purchase and other types of credit buying.²² His first-hand experience of the burden that debt placed on people, society, and particularly on the businesses to which they owed money, led him to realize the necessity of being able to buy life's essentials with cash and at low prices to avoid debt. The problems of debt mostly affected the poorest part of the population and, in the Upington context, poorest meant mainly the Coloured population. From these experiences the basic concept underlying his later business philosophy germinated—namely, to sell essential goods to the public for cash at the lowest possible price. In the process, he would keep people from incurring unnecessary debt and still make a profit for his business.²³

Although it is impossible to determine the degree to which these early experiences shaped his business philosophy, the general picture that emerges from a study of the Civil Record Books of the Magistrate of Gordonia (Upington) reveals enough evidence to support van Rooyen's beliefs about the dangers of debt.²⁴ In 1954, the magistrate's court registered 1,646 actions of plaintiffs to recover debt through the issue of a summons.²⁵ For 1955 the claims/actions rose to 1,967 (a 19.5 percent increase), and for 1956 to 2,517 (a 27.96 percent increase).²⁶ The majority of plaintiffs were business concerns, whereas the defendants were predominantly individuals. Apart from prominent local Upington businesses such as Hummel Brothers (Pty) Ltd, well-known national clothing chain stores selling on credit such as Edgars, Truworths, and Hepworths featured regularly, with Edgars the most prominent plaintiff in this category.²⁷ On November 23, 1956, the magistrate's court issued no fewer than fifteen summonses to Upington individuals who owed Edgars money. In only six of those cases did the magistrate's judgment indicate an amount to be paid by the defendant to the plaintiff, which probably meant that Edgars lost most of the money owed.²⁸ The records thus demonstrate that debt was a growing problem, that individuals were suffering, and that businesses (especially those selling on credit) were losing money.

²² "Robbert van der Kooy—Profiel: Renier van Rooyen"; "Jong Reus het sy oorsprong in Upington gehad"; Renier van Rooyen, interview with author, 3 June 2005.

²³ "Dié sakeman het almal verbaas"; "Jong Reus het sy oorsprong in Upington gehad"; Renier van Rooyen, interview with author 3 June 2005.

²⁴ Because the Record Books for April 1951–Feb. 1954 are missing, I could not include them in the analysis.

²⁵ Cape Archives Depot [hereafter, CAD], 1/UPT Magistrate Gordonia (Upington). Civil Record Book 2/2/13, Dec. 1954–May 1955, Action or claim no. 1646.

²⁶ Ibid., Civil Record Book: 2/2/14, May 1955–Jan. 1956, Action or claim no. 1967; 2/2/16, Dec. 1956–June 1957, Action or claim no. 2517.

²⁷ Ibid., Civil Record Book 2/2/15, June 1956–Dec. 1956, Action or claim nos. 1209–1218, 2405, 1385, 1862–1866, 1583.

²⁸ Ibid., Action or claim nos. 2379–2393.

Van Rooyen's Entry into the World of Retailing: The Bargain Shop

We can trace the origins of Pep Stores back to 1955, when van Rooyen became more directly involved in the commercial/retailing world through a partnership with Gawie Esterhuyzen, an Upington attorney.²⁹ At the time they met, in the early 1950s, Esterhuyzen was a young prospective attorney doing his practical training at Malan, Minnaar, an Upington legal firm. Van Rooyen initially met Esterhuyzen through his work as clerk in the Receiver of Revenue section of the Magistrate's Office in Upington. Their social contact in the compulsory activities of the government's military commando system and the fact that van Rooyen's wife Alice, whom he married in 1954, was also an employee of Malan, Minnaar strengthened their friendship, which lasted lifelong.³⁰

FIGURE 3
The Bargain Shop, Upington, in 1955



Source: 1965—25 Years with Pep—1990 (Epping 1990), 1 (company brochure), PSA.

In 1955, Gustave Gottschalk, a client of Malan, Minnaar and owner of the Bargain Shop, a small general dealership in Bridge Street, Upington, approached Esterhuyzen and offered him the opportunity to buy the business.³¹ Gottschalk had developed a special trust in Esterhuyzen, who handled his financial and legal matters. Although it

²⁹ "Jong Reus het sy oorsprong op Upington gehad."

³⁰ Renier van Rooyen, interview with author, 3 June 2005.

³¹ Alice van Rooyen, interview with author, 22 Feb. 2007; Renier van Rooyen, interview with author, 23 June 2005.

was not Esterhuyzen's field of business, Gottschalk was adamant that, while wanting to sell his business because of his advanced age, it had to be to Esterhuyzen. Because of Gottschalk's persistence, Esterhuyzen eventually approached van Rooyen and convinced him that they should investigate the offer.³² Although his was a small store of only approximately 100 square meters, Gottschalk had succeeded with great ingenuity in running a profitable business by selling second-hand furnishings supplemented with an array of other items, such as donkey carts, bicycles, medicines, cigarettes, iron pots, groceries, and both second-hand and new clothing.³³ His client base consisted mainly of Coloured people with a sprinkling of white farmers who frequented the shop to satisfy the needs of their farm laborers.³⁴

According to van Rooyen, becoming a shop owner had never entered his mind before Esterhuyzen approached him. His agreement to investigate the offer was therefore not part of a predetermined decision to enter that segment of business. However, having surveyed the shop and being aware of the profitable way Gottschalk operated the business, van Rooyen and Esterhuyzen decided to take the offer. Gottschalk was prepared to sell his business for £1,500, of which Esterhuyzen was to pay £1,000 upfront and the rest in installments. Van Rooyen and Esterhuyzen shared the partnership on a 55/45 percent basis, contributing £550 and £450 of the first £1,000, respectively.³⁵

To address his complete inexperience in running a shop, van Rooyen joined Gottschalk on Saturdays over a period of two months to learn the tricks of the trade.³⁶ After formally taking over the shop on July 1, 1955, van Rooyen rented two small rooms adjacent to the Bargain Shop into which he moved his office and where he continued his agency and accounting work among the farmers and his work as bailiff/messenger of the court.³⁷ Thus, he initially ran the store part-time with the assistance of Piet Strauss, a Coloured man who had worked as a shop assistant for Gottschalk for many years. Van Rooyen considered Strauss to be the greatest asset they inherited with the takeover of the shop. He described Strauss as an inexhaustible source of knowledge, competence, tact with clients, and salesmanship. Van Rooyen also modeled his own approach to the customers on the example set by Strauss. A strong bond of trust and loyalty developed between them, with van Rooyen depending heavily on Strauss to run the shop during his periodic absences in the initial stages. After a few months, van Rooyen and Esterhuyzen were convinced that the shop could become a full-time concern. They rented two adjoining rooms in the building to add a further 70 square meters of shop space, while van Rooyen became involved full-time. His partner Gawie Esterhuyzen joined him on Saturdays whenever possible, and people like Mrs. Kotie Eloff, a widow and client of Esterhuyzen, helped out

³² Renier van Rooyen, interview with author, 3 June 2005.

³³ "Gedenkbylaag. Dit het alles op Upington begin—Renier van Rooyen" [Commemorative Supplement. It All Started in Upington—Renier van Rooyen], *Die Gembok*, 24 Aug. 1990, p. 3; "Dié sakeman het almal verbaas"; Renier van Rooyen, interview with author, 3 June 2005.

³⁴ Renier van Rooyen, interview with author, 3 June 2005.

³⁵ Ibid.

³⁶ "Gedenkbylaag. Dit het alles op Upington begin—Renier van Rooyen," 3.

³⁷ Renier van Rooyen, interviews with author, 3, 23 June 2005.

occasionally, and school boys including Johnny (Piet Strauss's son) and Tiekie (Piet's nephew) assisted on weekends.³⁸

Lacking experience, knowledge, and capital, van Rooyen found the three years following his first introduction to the commercial/retailing world in 1955 a period of experimentation and learning through trial and error.³⁹ He "soon realised that clothing was the line to concentrate on," but the basic idea van Rooyen grappled with was "selling clothing efficiently and profitably at a lower price than any other store."⁴⁰ As Van Rooyen described this period: "For three years I studied the business, rejected certain ideas, developed others until I had formulated a plan as to exactly what I wanted to do."⁴¹

In arriving at this "plan," he absorbed input from a variety of quarters. His practical experience with the Bargain Shop served to confirm his existing doubts about debt incurred through credit sales. The Civil Record Books of the Magistrate of Gordonia (Upington) bear witness to the Bargain Shop's own struggle with bad debt—a remnant from the Gottschalk era. On November 28, 1956, the magistrate issued no fewer than ten summonses to Bargain Shop clients who owed the business money. In only three of the cases did the magistrate's judgment indicate an amount of money due to the plaintiff.⁴² His refocusing of the Bargain Shop therefore also included the gradual closing of "Gottschalk's book"—terminating all credit sales.⁴³ Part of van Rooyen's input also came through his observation of other shops in Upington as well as in Cape Town, Johannesburg, and Durban, when he visited those cities to buy merchandise. Van Rooyen observed Bergers, a national clothing chain store focused on the lower end of the market, very closely. He studied their advertisements and learned a great deal from their practices, but they also motivated him through his observation practices that he thought were wrong and on which he could improve. His overall impression was that they were misreading their market and exploiting their customers. The masses of customers that they drew to their Upington outlet despite these shortcomings stimulated van Rooyen's interest in retail clothing. He was convinced that he could beat Bergers' prices in that segment of the market. Although there was originally no OK Bazaars branch in Upington, van Rooyen learned a great deal from observing OK Bazaars branches in Cape Town and Johannesburg. He spent hours in these shops, studying their advertisements, displays, and variety of products and comparing prices.⁴⁴ Van Rooyen initially followed the Gottschalk practice of buying merchandise from traveling salespeople representing merchant wholesalers

³⁸ "Gedenkbylaag. Dit het alles op Upington begin—Renier van Rooyen," 3; Renier van Rooyen, interview with author, 3 June 2005.

³⁹ Renier van Rooyen, interview with author, 3 June 2005.

⁴⁰ "Helgard Pienaar, The Younger Ones: Renier van Rooyen Has That Harvard Look"; "Leon Kok: Personality Profile."

⁴¹ "Helgard Pienaar, The Younger Ones: Renier van Rooyen Has That Harvard Look."

⁴² CAD, 1/UPT Magistrate of Gordonia (Upington). Civil Record Book 2/2/15, June 1956-Dec. 1956, Action or claim nos. 2435-44.

⁴³ Renier van Rooyen, interview with author, 3 June 2005.

⁴⁴ OK Bazaars was a general dealer and national chain store that also sold clothing, established in 1927. Renier van Rooyen, interview with author, 3 June 2005; Alice van Rooyen, interview with author, 22 Feb. 2007.

such as J. W. Jagger, Mendelsohn, and Frasers. He tapped into the immense trading experience and knowledge of market trends held by these traveling salespeople to the benefit of his own business. Through these associations and his visits to Cape Town, Johannesburg, and Durban he became aware of the possibilities of bypassing the wholesalers and buying directly from factories at much cheaper prices: "... what they sold to me for £1 I could buy for 10s."⁴⁵ From the ranks of the many traveling salespeople with whom he dealt in this early period van Rooyen developed a special relationship with Bennie Combrinck and John Lee. Combrinck, who came from Kimberley and was the representative for Fraser's in the Northern Cape in later years, became an employee of van Rooyen, while Lee, a traveling sales representative for the shoe business, became an influential founding member and director of Pep Stores. Both become true, loyal, and trusted friends, whose advice van Rooyen valued highly.⁴⁶

As his practical experience of the business grew, van Rooyen eliminated the less profitable lines such as groceries, patent medicines, and eventually also second-hand furniture. The stronger lines such as second-hand coats he retained. The focus of the shop therefore gradually changed to selling inexpensive clothing and related items such as shoes, blankets, and materials/fabrics, which proved to be more lucrative than selling second-hand furniture.⁴⁷ By 1958, van Rooyen had distilled from his accumulated experience a business plan and strategy—namely, "mass turnover at low profit with low costs to the lower- and middle-income groups."⁴⁸ He realized that, although the individual spending power of the lower income groups was not great, they collectively possessed immense buying power.⁴⁹ Through his experience, he was convinced that he could make this concept work by selling clothing that his target market would find affordable and that would meet their essential daily clothing needs.⁵⁰

The fortunes of the Bargain Shop also underscored his assessment and plan. The van Rooyen-Esterhuyzen partnership ended in 1956, a little more than a year after they took over the Bargain Shop.⁵¹ Having completed his practical training at Malan, Minnaar, Esterhuyzen needed money to become a partner in the attorneys' firm. The success of the Bargain Shop made it possible for van Rooyen to offer to buy out Esterhuyzen. For his initial investment of £450, Esterhuyzen received £1,800, which was an excellent return on his money. For van Rooyen it meant sole control of the Bargain Shop.⁵²

⁴⁵ Renier van Rooyen, interview with author, 3 June 2005.

⁴⁶ "Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen," 3; Renier van Rooyen, interview with author, 3 June 2005.

⁴⁷ "Gedenkbylaag. Dit het alles op Upington begin—Renier van Rooyen," 3; Renier van Rooyen, interview with author, 3 June 2005.

⁴⁸ Pep Stores Minute Book, 14 Oct. 1965–28 Feb. 1979, Meeting of Directors, 17 April 1967, p. 1, PSA; "Gedenkbylaag. Dit het alles op Upington begin—Renier van Rooyen," 3.

⁴⁹ Ibid.

⁵⁰ Renier van Rooyen, interview with author, 3 June 2005.

⁵¹ Renier van Rooyen, interview with author, 23 June 2005.

⁵² "Renier van Rooyen vestig Afrikaner in kleinhandel"; Anon., "Die Ontstaan en Groei van Pep Stores"—maatskappy brosjure, 1, PSA [Anon., The Establishment and Growth of Pep

The success of the Bargain Shop and the growth of his own personal assets with the accompanying tax implications compelled van Rooyen to consider changing the form of business organization of the Bargain Shop. On the advice of his auditor friend, Attie Myburgh, the individual firm was transformed to a private company, Bargain Stores (Pty.) Limited, in February 1957. In the company name, van Rooyen replaced “Shop” with “Stores”—a term that he felt had a more sophisticated image and ring to it.⁵³

The Socio-economic and Political Milieu

Van Rooyen’s entrepreneurial genesis and evolution during the 1950s and early 1960s unfolded against local, regional, and national socio-economic and political environments that need to be accounted for in an evaluation of the soundness of his business “plan.” Despite minor cyclical movements in the South African economy, the specific period under discussion can be characterized as a period of exceptional growth and prosperity, which culminated in the so-called fabulous years of 1961-1966.⁵⁴ An average annual growth rate of 7 percent, sharp increases in government and private investment, and high rates of production in the manufacturing sector and of consumer and state spending characterized the “fabulous years.”⁵⁵

Turning specifically to Upington as the backyard in which Pep Stores originated, evidence suggests that the years from 1955 to 1965 (in step with the national economy) represented a period of rapid expansion for the town, confirming it as the commercial, educational, and health center of the North Western Cape.⁵⁶ The rateable value of fixed property in Upington increased from £1 816,242 in 1955-1956 to £4,951,780 in 1960-1961.⁵⁷ Public works and other projects planned or completed included a large new water-purification and chlorination plant at a cost of £284 100, a modern terminal building and dwellings for the airport costing £20,000, a town hall (£110,000), abattoir (£27,000), extensions to the Provincial Hospital (£400,000), a new Technical High School and hostels that were completed in 1963, a large housing scheme, and the earmarking of a large portion of land for industrial development.⁵⁸ The town also boasted an array of sports amenities, which included an eighteen-hole golf course, bowling greens, swimming pool, four tennis clubs, and a racecourse, and

Stores-company brochure]; T. Ball, Comments by Tom Ball, 1 (company brochure), PSA; *Pep Stores, Limited, Annual Report, 1996*, 2, PSA; Renier van Rooyen, interview with author, 3 June 2005.

⁵³ “Pep—op pad beurs toe—mik na R30 miljoen”; Renier van Rooyen, interview with author, 3 June 2005.

⁵⁴ Anton Ehlers, “Die Geskiedenis van die Trustmaatskappye en Eksekuteurskamers van Boland Bank Beperk tot 1971” [The History of the Trust Companies and Boards of Executors of Boland Bank Limited to 1971] (Ph.D. diss., Stellenbosch University, 2002), 175-78.

⁵⁵ “The Fabulous Years (The Boom Years, 9, 11, 13),” Supplement to the *Financial Mail*, 14 July 1967.

⁵⁶ J. B. Malan, ed., *Official South African Municipal Year Book, 1960-1961* (Pretoria), 123.

⁵⁷ John Ryan, ed., *Official South African Municipal Year Book, 1955-1956* (Pretoria), 123; Malan, ed., *Official South African Municipal Year Book, 1960-1961*, 123.

⁵⁸ Ryan, ed., *Official South African Municipal Year Book, 1955-1956*, 124; Malan, ed., *Official South African Municipal Year Book, 1960-1961*, 123.

in 1963 incorporated one of the leisure fashions of the time by opening its own drive-in cinema.⁵⁹ It also succeeded in attracting the large national chain-store group, OK Bazaars, to Upington in 1962, a development interpreted at the time as a sign of the town's growth.⁶⁰

On a commercial level, van Rooyen's exploits in Upington and the North West did not take place in a commercial/retail vacuum. Apart from well-established local businesses such as Hummel Brothers, NS Basson, and Nurick Brothers, a number of national chain stores also established themselves in Upington during this period.⁶¹ In addition to OK Bazaars, Edgars and Bergers were probably the best known.⁶² Bergers, introduced to Upington by the Nurick Brothers in the late 1950s when they started an association with Bergers, was the closest in character to the Pep Stores' eventual line of business.⁶³ With their low prices and "Miracle Sales," they catered to the same lower-income groups, toward whom van Rooyen also eventually directed his focus.⁶⁴ There were Bergers stores in most of the other towns to which van Rooyen expanded his early operations, such as De Aar, Beaufort West, Paarl, and Kimberley.⁶⁵

In the areas in which van Rooyen operated, a study of the 1960 population census indicates that blacks (Coloureds and Africans) on average outnumbered whites by two to one.⁶⁶ In Upington, for example, the black/white ratio was 2.45:1 and in the Gordonia district, of which Upington formed part, it was 3.04:1. A comparison between the 1951 and 1960 census figures for the above districts and towns also indicates that black population growth outstripped that of whites. In terms of sheer

⁵⁹ W. Albertyn, ed., *Official South African Municipal Year Book, 1964-1965* (Pretoria), 109-10; "Opening 3 Mei Kalahari Inryteater" [Opening 3 May Kalahari Drive Inn Movie Theatre], *Die Gemsbok*, 3 May 1963, p. 7.

⁶⁰ "Koms van OK Bazaars 'n Teken van Groei" [Arrival of OK Bazaars a Sign of Growth], *Die Gemsbok*, 30 Nov. 1962, p. 1.

⁶¹ "Hummel Broers" [Hummel Brothers], *Gordonia News*, 24 May 1957, p. 4; "NS Basson wei nuwe winkel in na 30 jaar" [NS Basson Opens New Shop after 30 Years], *Gordonia News*, 30 Sept. 1960, pp. 16-17; "Nurick Bros. Associated with Bergers Ltd, Great Opening Sale on New Premises," *Gordonia News*, 30 May 1958, pp. 8-9.

⁶² "Aankondiging! Gebrs. Hummel Upington verkoop hul besigheid aan OK Bazaars vanaf 26 Nov. 1962" [Announcement! Hummel Brothers Upington Sold Their Business to OK Bazaars as From 26 Nov. 1962], *Die Gemsbok*, 23 Nov. 1962, p. 5.

⁶³ "Nurick Bros. Associated with Bergers Ltd.," 8-9.

⁶⁴ "Nurick Bros. Associated with Bergers Ltd. Great Sale. 18th Anniversary Sale," *Gordonia News*, 27 Nov. 1959, pp. 12-13; "Bergers Miracle Sale Starts Monday 28th," *The Courier*, 25 Sept. 1964, p. 5.

⁶⁵ "Bergers," *De Aar Echo*, 31 July 1964; "Bergers," *The Courier*, 3 Jan. 1964, p. 5; "Bergers Lady Greystraat 54: Wonder-Uitverkoop" [Bergers Lady Grey Street 54: Miracle Sale], *Paarl Post*, 22 Sept. 1964, p. 3; "Week-End Specials at Bergers," *Diamond Fields Advertiser*, 5 Nov. 1965, p. 20.

⁶⁶ Taking into account districts and towns in which van Rooyen's early operations took place such as Gordonia/Upington, Kuruman, Postmasburg, De Aar, Kimberley and Beaufort West.

numbers and rate of increase, the black population represented a much bigger potential market than the white population.⁶⁷

Although the black market was numerically superior, a study of the 1960 census income figures indicates that individual black buying power was potentially much lower than that of whites. A comparison between white and Coloured income figures in eight of the economic regions used in the census (including the areas in which van Rooyen initially operated) revealed that 44.59 percent of white males fell in the annual income category of R200 or less (including the “no income” category) whereas the figure for Coloured males was 84.35 percent. The highest annual income bracket indicated in the case of white males was R15,000 or more (with 288 individuals in this category), whereas in the case of Coloureds it was R3,000 or more (with only 40 individuals in that category). The 1960 census questionnaire for Africans made no provision for income, making it impossible to compare the position of Africans in this regard.⁶⁸ Given their historical position in the South African labor market, one can safely assume that their situation was probably worse than that of Coloureds. In this socio-economic and demographic environment, van Rooyen’s “plan” of mass turnover at low profit with low costs to the lower income groups seemed a viable one and his judgment in step with his environment.

The political, as opposed to the socio-economic, environment was less favorable. This period represented the heyday of apartheid, with a barrage of legislation passed in the 1950s to effect the separation of the population based on race in all spheres of society. The social engineering of the Population Registration Act, Group Areas Act, Separate Amenities Act, and many others influenced society profoundly on all levels, including the economic.⁶⁹ By focusing on the lower end of the South African market, which predominantly meant Coloureds and Africans, van Rooyen targeted a section of the South African population whose needs were not a government priority and who were subject to the implementation of apartheid. Therefore, there was potential for conflict with government structures in the execution of his plan.

Upington Volksklere: “An Experiment for a Year”

To test the viability of his concept, van Rooyen opened a second shop under the name Upington Volksklere in December 1959 in Scott Street, Upington.⁷⁰ Considering it as

⁶⁷ Republic of South Africa Bureau of Statistics, *Population Census 6th September, 1960*, 1: *Geographical Distribution of the Population*: “Table 6-Magisterial Districts-Urban and Rural-1960 and 1951, 11, 13, 14, 16, 17, 20.”

⁶⁸ Republic of South Africa Bureau of Census and Statistics, *Population Census, 1960. Sample Tabulation No 4-Income: Whites, Coloureds and Asiatics*. “Notes to tables, v; Table 1.7-Income: White Males. Regions-Cape, 24-28; Table 2.7-Income: Coloured Males. Regions-Cape, 62.”

⁶⁹ Nigel Worden, *The Making of Modern South Africa: Conquest, Segregation and Apartheid* (Oxford, U.K., 1994), 95-96.

⁷⁰ Although van Rooyen claims that he founded a company under the name Upington Volksklere (Pty.) Ltd., there is no record of the registration of such a company in the records of CIPRO (Companies and Intellectual Property Registration Office); search done by Deon Kirsten, official of CIPRO, on 4 Sept. 2003.

an experiment for a year, van Rooyen made the focus of the shop clothing and related items such as shoes, blankets, and materials/fabrics.⁷¹ He chose the name Upington Volksklere in an attempt to catch the attention of farmers and draw them to the new shop, where they might be convinced to buy more of the clothing needed for their mainly Coloured farm workers or “volk” at his shop.⁷² Van Rooyen’s wife, Alice, who gradually became involved in the business after the birth of their first son, was entrusted with the management of the shop; Johnny Strauss assisted her, along with a number of casual staff when the need arose.⁷³

In Upington Volksklere, van Rooyen experimented with stock, advertising methods, and the creation of a specific identity for his business. He initially also stocked glassware, but soon decided that it took up too much trading space and from then on concentrated on clothing, textiles, and shoes.⁷⁴ Toward the end of 1960, he had a clear idea of the business concept on which he wanted to build his future: “to sell clothes at discount direct-from-factory prices and to merchandize them on the open store system,”⁷⁵ and to take this concept beyond the confines of Upington through the establishment of shops over a wider geographical area. Implementation of this vision started with the search for a more central location in Upington. Mindful that Upington Volksklere was only an experiment and that his lease agreement with Maans Rademeyer expired at the end of 1960, van Rooyen rented larger premises in central Upington from Maurice Levinsohn with the aim of opening a new shop that would consolidate Upington Volksklere and the original Bargain Shop under a new name, B.G. Bazaars.⁷⁶

B.G. Bazaars and Countrywide Auctioneers

Van Rooyen decided on the name B.G. Bazaars as the entity under which Bargain Stores, (Pty.) Ltd., would do its future trading because he was looking for a name that would be easily identifiable or recognizable—in the style of OK Bazaars. Although the initials B.G. did not have a specific meaning, van Rooyen himself often used the term “bakgat” (Afrikaans slang which means first-class, A1, or tops) or “blerrie goed”

⁷¹ “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 3; “Jong Reus het sy oorsprong op Upington gehad”; Renier van Rooyen, interview with author, 3 June 2005; “Upington Volksklere Mpy” [Upington Volksklere Comp.], *Gordonia News*, 22 May 1959, p. 27; Alice van Rooyen, interview with author, 22 Feb. 2007; “Geld het net sy dasse verander.”

⁷² Renier van Rooyen, interview with author, 3 June 2005.

⁷³ “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 3; Alice van Rooyen, interview with author, 22 Feb. 2007.

⁷⁴ Renier van Rooyen, interview with author, 3 June 2005.

⁷⁵ “Putting Pep Into Discount Stores,” *Cape Times*, 26 April 1969.

⁷⁶ “Renier van Rooyen vestig Afrikaner in kleinhandel”; Renier van Rooyen, interviews with author, 3, 23 June 2005; “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 3; “Dié sakeman het almal verbaas.”

(“bloody good” in vulgar English), which, according to him, explain his choice of the initials B.G.⁷⁷ Van Rooyen’s growing work load and responsibilities and the need for people whom he could fully trust led to the involvement of his sister S. J. J. (Baba) Thiart as bookkeeper in the business in 1960. Van Rooyen’s older brother Gert and

FIGURE 4
Uppington Volksklere Advertisement



Source: *Gordonia News*, 2 Dec. 1960, p. 3.

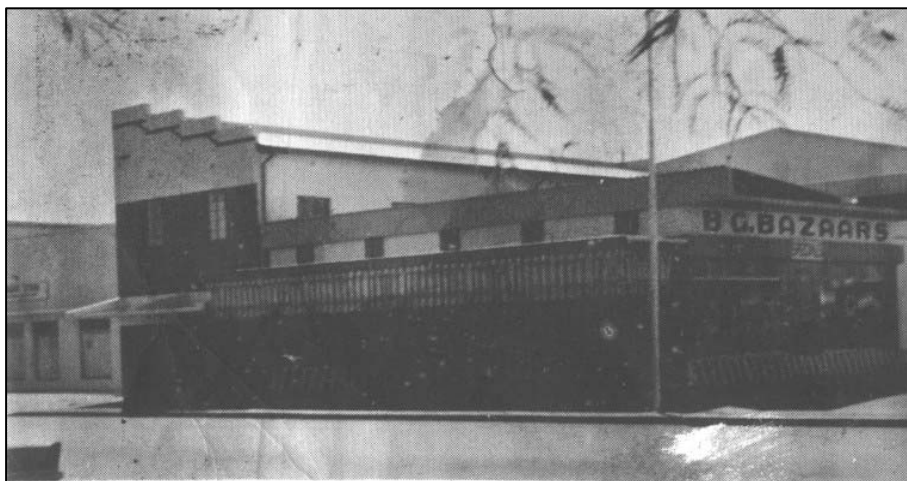
his wife Nella followed her in 1962.⁷⁸ The success of B.G. Bazaars convinced van Rooyen that he was on the right track and gave him the confidence to consider the possibility of further expansion. His expansion plans took two forms; in addition to moving his shop to larger self-owned and -built premises in Scott Street (including a

⁷⁷ Renier van Rooyen, interview with author, 23 June 2005; “A.Z. Bazaar en Selfbediening: Die Eerste en Enigste Selfbediening in De Aar . . . [A.Z. Bazaar and Self-service: The First and Only Self-service in De Aar], *De Aar Echo*, 6 April 1962; Alice van Rooyen, interview with author, 22 Feb. 2007.

⁷⁸ Renier van Rooyen, interview with author, 3 June 2005; Alice van Rooyen, interview with author, 22 Feb. 2007.

storage facility) in 1961, he began considering the establishment of outlets elsewhere in the country to realize his ideal of a national chain store.⁷⁹

FIGURE 5
B. G. Bazaars, Upington 1960



Source: 1965—25 Years with PEP—1990 (Epping 1990), 1 (Company brochure), PSA.

Van Rooyen described this period of expansion in the 1960s as one of “hustle and bustle, driving about, buying, selling, hard work, expansion and planning.”⁸⁰ In choosing towns for B.G. Bazaars shops, van Rooyen based his assessment primarily on two factors. First, the town had to have a lively and growing economy, which meant that people had an income to spend. Second, because van Rooyen was a “one-man band” (he was the one identifying locations for new shops, securing suitable premises, buying stock for new outlets, organizing openings, and overseeing overall control), he wanted the towns situated on a geographical route that he could cover.⁸¹

Obtaining trading licenses for new B.G. Bazaars shops was one of van Rooyen’s biggest initial challenges. Because the vast majority of his customers were generically black and more specifically Coloured, some local town councils were reluctant to grant him trading licenses for premises in the more central parts of town. Localities considered his shops “Kleurlingwinkels” (Coloured shops) that drew unwelcome elements, customers who did not fit in with the more sophisticated (read “white”) shopping environment of the central business district. To bridge the waiting period while negotiating for a trading license, van Rooyen employed unorthodox methods to

⁷⁹ “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 3; “Dié sakeman het almal verbaas”; Alice van Rooyen, interview with author, 22 Feb. 2007; Renier van Rooyen, interview with author, 23 June 2005.

⁸⁰ “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 3.

⁸¹ “Trots van die Noordweste” [Pride of the North West], *Die Gemsbok*, 27 June 1969; Renier van Rooyen, interview with author, 23 June 2005.

get a foot in the door and to start trading activities in towns that he earmarked for expansion.

During his many visits to Cape Town and Johannesburg to buy stock for his Uppington outlets, van Rooyen became aware of auctioneers selling clothing in large quantities to shop owners through public auction. He employed this concept to solve his problem with trading licenses. He established an auctioneering business, Countrywide Auctioneers, for which he did not need a license and rented a small one-room building in Uppington from a local jeweler to operate his auctioneering activities.

FIGURE 6
B.G. Bazaars Advertisement

Scottstraat		Uppington
Mansferweelbroeke		Gewone prys R5.35 Ons prys R3.99
Cubaverra Manswinterpajamas		Gewone prys R3.25 Ons prys R1.99
Beste Kwaliteit Mansskoene		Gewone prys R8.75 Ons prys R6.59
New Yorker hemde		Gewone prys R3.95 Ons prys R2.59
Winterlakens	Dubbelbed per stel Driekwartbed	R5.29 R4.69

Kom kyk gerus en oortuig uself van Honderde ander Winskopies

Vir u Geluk ! Vir u Voordeel !

B.G. BAZAARS

Source: *Die Gemsbok*, 28 April 1967, p. 4.

This concept appealed to him for a number of other reasons. There were many opportunities to obtain huge bargains on clothes and textiles in bulk in Cape Town that were not necessarily suited for distribution through Uppington Volksklere and Bargain Shop, and he could now take advantage of these opportunities through an auctioneering business. When he established B.G. Bazaars he also needed to get rid of the Uppington Volksklere surplus stock (when he closed down the outlet) that did not fit in with the B.G. Bazaars image. The auctioneering business supplied that outlet.⁸²

⁸² Renier van Rooyen, interview with author, 23 June 2005; Alice van Rooyen, interview with author, 22 Feb. 2007.

Moving beyond the confines of Upington became a reality when van Rooyen opened B.G. Bazaars shops in Kuruman and Beaufort West in 1962, and in De Aar in 1963, followed by attempts to open a shop in Paarl.⁸³ To assist him in the Kuruman venture, van Rooyen drew the older brother of Gawie Esterhuyzen, S. J. (Essie) Esterhuyzen, and his wife into the business as partners. Essie was a deep-sea diver, but because of health problems, he could no longer pursue that occupation. Van Rooyen's application for a trading license in Kuruman initially was rejected, despite the fact that the premises he could rent were brand new. In the absence of a legal trading license, for about three months van Rooyen employed Countrywide Auctioneers to host auctions to sell his merchandise. After the conclusion of an auction Esterhuyzen and his wife usually kept the doors of the venue open and continued informal trading as "auctioneers." Although this tactic gave them a foot in the door in Kuruman while reapplying for a license, it was not viable in the long run because of the constraints it placed on effective advertising and, as a result, on turnover.⁸⁴ A proper shop was therefore opened as soon as a license was approved.

Jossie Josling and his wife managed the B.G. Bazaars shop in Beaufort West. Josling initially worked at the Upington branch of a wholesaler. When the wholesalers closed down their Upington branch, Bargain Stores, (Pty.) Ltd., bought their remaining stock and van Rooyen offered Josling, who was now unemployed and elderly, the management of B.G. Bazaars in Beaufort West. Though their age proved a handicap because they lacked the drive to manage a new shop successfully, their trustworthiness made them a safe choice.⁸⁵

Van Rooyen's choice for a fourth B.G. Bazaars shop fell on De Aar, an important railway link in the North West, and therefore a growing town with a viable economy and a large pool of potential B.G. Bazaars customers. Massie van Rensburg and his wife managed the shop. Van Rensburg initially owned a small shop in Keimoes and bought much of his stock from van Rooyen's outlets in Upington. When van Rooyen offered him the job as manager of B.G. Bazaars in De Aar, he "grabbed the opportunity with both hands" and immediately sold his Keimoes shop to take up the offer.⁸⁶

Van Rooyen also attempted to open a B.G. Bazaars shop in Paarl, near Cape Town. He was forced to follow the same tactic as in Kuruman, however, because the town council turned down his application for a trading license. Although he could secure premises for a shop in town, they were only prepared to allow him to trade "doer daar in die gopse net . . . duskant die Kleurlinge" [in the slums close to the Coloureds]. He operated in Paarl through Countrywide Auctioneers for almost a year, but he never

⁸³ "Trots van die Noordweste."

⁸⁴ Renier van Rooyen, interview with author, 23 June 2005; Alice van Rooyen, interview with author 22 Feb. 2007; "Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen," 3; Hantie Mouton, interview with author, 9 Nov. 2004.

⁸⁵ Renier van Rooyen, interview with author, 23 June 2005; "Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen," 3.

⁸⁶ Renier van Rooyen, interview with author, 23 June 2005, "Trots van die Noordweste"; "Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen," 3; Renier van Rooyen, interview with author, 23 June 2005.

opened a B.G. Bazaars shop in Paarl.⁸⁷ Although the attempt to open a shop in Paarl failed, the other shops flourished as they established themselves as “the first shops in South Africa to discount clothing.”⁸⁸

In opening shops in towns already serviced by other established chains stores such as Bergers and OK Bazaars, Van Rooyen attributed the success of B.G. Bazaars to the fact that he catered to a segment of the market not properly served by those concerns. For example, although Bergers claimed to be selling clothing at discount prices, van Rooyen found that he could sell his clothing at what he considered normal prices and still beat Bergers’ sale prices. This was because of his low overhead, his one-man band approach, and emphasis on self-sufficiency; he could operate at a very low profit margin. He was successful because he gave the lower end of the market an option they had not had. The result was that they streamed to his B.G. Bazaars shops.⁸⁹

The image portrayed in B.G. Bazaars advertisements was that of shops selling a wide variety (for the whole family) of durable clothing, shoes, and blankets at unbelievably cheap (bargain) prices and continuously striving to be bigger, cheaper, and better than before, while providing excellent and friendly service based on a true interest in, and appreciation of, their customers. The farmers, who were described in B.G. Bazaars advertisements as the backbone of the country and as true “economists,” were specifically targeted as potential customers who would enjoy huge savings at B.G. Bazaars through bulk buying for their Coloured farm workers or their farm shops (“plaaswinkels”).⁹⁰

Van Rooyen’s “look and learn” and experimental approach led him to the gradual introduction of the concept of self-service into B.G. Bazaars shops. The concept of self-service was still a novelty in South Africa. The large-scale introduction of self-service trading methods and the considerable changes it brought in shop layout occurred during the years 1959 and 1960.⁹¹ In Upington Hummel Brothers, (Pty.) Ltd., introduced the self-service concept to the town and the region’s inhabitants in 1958, and claimed to be the local pioneers in this regard.⁹² In De Aar AZ Bazaar in

⁸⁷ Renier van Rooyen, interview with author, 23 June 2005.

⁸⁸ “Pep—op pad beurs toe—mik na R30 miljoen”; “Renier van Rooyen vestig Afrikaner in kleinhandel”; “Pep Stores Builds Up Profits,” *Business South Africa* 5, no. 9 (Sept. 1970); “Afrikaner bou kleinhandelketting” [Afrikaner Builds Retail Chain], *Volkshandel* [Volks Trade/Commerce] 31, no.9 (Nov. 1970).

⁸⁹ Renier van Rooyen, interview with author, 23 June 2005.

⁹⁰ “B.G. Bazaars,” *De Aar Echo*, 12 June 1964; “BG Bazaars,” *The Courier, Beaufort West*, 4 Sept. 1964; “Groot Uitverkoping!” [Large Sale!], *The Courier, Beaufort West*, 25 Sept. 1964, p. 4.

⁹¹ “35,000 Spar-Winkels In 18 lande” [35,000 Spar Shops in 18 Countries], *De Aar Echo*, 26 Nov. 1965; “Self-service Outlets Double in 4 Years,” *Sunday Times* [Johannesburg], 29 Aug. 1971; “Referaat HB de Witt voor Kongres van Kleinhandelaars” [Paper by H.B. de Witt at Conference of Retailers], *The Courier Beaufort West*, 2 June 1967, p. 6.

⁹² “Hummels baan die weg. Andermaal Eerste in Belang van Kliente deur middel van SELF-BEDIENING in Kruideniersware” [Hummels paves the way. First once more in the Interest of Customers Through SELF-SERVICE in Groceries], *Gordonia News*, 27 June 1958, p. 3.

1962 claimed the title of the first and only self-service shop in the town.⁹³ According to van Rooyen, he introduced a combination of self-service and behind-the-counter sales shortly after he opened the first B.G. Bazaars in Upington. Larger items like coats were open for self-service, while shoes were put on display for customers to make a choice, with staff fetching shoes from a storeroom at the request of customers. By 1965, B.G. Bazaars was fully self-service, and by February 1966 B.G. Bazaars in Upington was using the concept in their advertisements to lure customers.⁹⁴ Introducing this worldwide trend into B.G. Bazaars made van Rooyen part of a broader wave of businesspeople who introduced the concept to South Africans and made it a common feature of their shopping experience.

A second feature of B.G. Bazaars' in-store layout was allowing people of all racial groups to try on clothes using the same in-store dressing rooms. As an outspoken opponent of apartheid, van Rooyen persisted with this practice despite threats from some of his white clients that they would boycott him. This practice defied the spirit of the Reservation of Separate Amenities Act of 1953, which "provide[d] for the reservation of public premises and vehicles or portions thereof for the exclusive use of persons of a particular race or class, for the interpretation of laws which provide for such reservation, and for matters incidental thereto."⁹⁵ According to van Rooyen, he had an impudent attitude toward such would-be boycotters. With 80 percent of his customers being Coloured, he could afford the impudence. With regard to the Coloured customers, he summed up his attitude: ". . . I mean, it is your customers, main customers, . . . must you now serve the political god or must you see to it that your own business functions?"⁹⁶

Pep Stores: The Birth of a Retail Empire

By 1965, B.G. Bazaars was a well-established family business run by van Rooyen with able support from his brother Gert and sister Baba. In van Rooyen's own words: ". . . my brother and my sister and myself in 1965, we were very well off, you know, well established with a nice business."⁹⁷ Draft plans were in place for the further expansion of the four B.G. Bazaars shops to ten outlets within the next three to four years, starting with the planned opening of branches in Kimberley and Postmasburg in December 1965.⁹⁸ After establishing the tenth outlet, a consolidation phase was planned, during which the focus would be on capital growth before embarking on the

⁹³ "A.Z. Bazaar en Selfbediening: Die Eerste en Enigste Selfbediening in De Aar. . . ."

⁹⁴ Renier van Rooyen, interview with author, 23 June 2005; "B.G. Bazaars, Scottstraat, Upington. U hoef nie te wag nie! Alles uit op Selfbediening!, [B.G. Bazaars, Scott Street, Upington. No More Waiting! Everything Out On Self-Service!], *Die Gemsbok*, 11 Feb. 1966, p. 16.

⁹⁵ *Statutes of the Union of South Africa 1953, Act No. 49 of 1953*, "Reservation of Separate Amenities Act, 1953," 328.

⁹⁶ Renier van Rooyen, interview with author, 23 June 2005.

⁹⁷ Ibid.

⁹⁸ "Afrikaner bou kleinhandelketting"; Renier van Rooyen, interview with author, 23 June 2005; the other towns earmarked for expansion were Malmesbury, Paarl, Vryburg, and Worcester.

next phase. The idea of a countrywide chain store under the control of Bargain Stores (Pty.) Ltd., and operating under the B.G. Bazaars trade name was therefore already well developed. However, the success of B.G. Bazaars overtook van Rooyen's draft plans. All the branches were flourishing, with the exception of Beaufort West, which struggled in comparison to the other shops. His success did not go unnoticed, and several people in the Upington area approached van Rooyen with propositions for large capital investment in his business. Under the influence of these overtures, van Rooyen decided to deviate from his draft plans for B.G. Bazaars and to pursue these offers and go for accelerated growth. He envisaged the establishment of a new company under a new name in which all the interested parties could take shares. A precondition was that people who took shares had to become employees of the company and vice versa. The company to be established would eventually take over the existing family business.⁹⁹

In the months leading up to the registration of the new company in September 1965, van Rooyen had informal discussions with individuals and small groups consisting of family and friends who showed an interest in the new initiative. They discussed matters relating to a trade name, a memorandum, and articles of association, and his vision for the future of the company. These discussions, which culminated in July 1965, included, among others, Alice van Rooyen, Gert van Rooyen, Baba Thiart, Lampies (N. J.) Lamprechts, Willie Kotzé, Hantie Mouton, and John Lee.¹⁰⁰

In search of a name for the new company, van Rooyen initially requested that the Registrar of Companies register B.G. Bazaars as the company name. The Registrar rejected the request because a Potchefstroom company had already registered a name containing the BG initials. Further discussion of the name issue occurred at a meeting that included Renier van Rooyen and his wife Alice, Danie and Baba Thiart, Peet Erasmus, Schalk Theron, and Willie Myburgh. They could not come up with an appropriate name, however. Van Rooyen was looking for a short, identifiable, or easily recognizable name in Afrikaans and English, like OK in OK Bazaars. He also discussed the name issue with John Lee during one of Lee's visits with van Rooyen in Upington. At a follow-up meeting with van Rooyen, John Lee turned up with a list of ten potential names, which included names like Jet and Pep. The name Pep immediately caught van Rooyen's attention. He often used the word "pep" when he wanted to encourage his employees to perform a task ("Boys, put in a bit of pep").¹⁰¹ The name also had connotations of dynamics and power. Pep was adopted then and there as the name for the new company, and Attie Myburgh, van Rooyen's auditor, was immediately instructed to register the name with the Registrar of Companies, who approved the name two days later.¹⁰²

⁹⁹ "Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen," 6; Renier van Rooyen, interview with author, 23 June 2005.

¹⁰⁰ Hantie Mouton, interview with author, 9 Nov. 2004; Renier van Rooyen, interview with author, 23 June 2005.

¹⁰¹ Renier van Rooyen, interview with author, 23 June 2005.

¹⁰² "Jong Reus het sy oorsprong op Upington gehad"; Renier van Rooyen, interview with author, 23 June 2005; "Robbert van der Kooy Profiel: Renier van Rooyen."

The Memorandum and Articles of Association of Pep Stores (Pty.) Limited, was signed on August 17, 1965, in Upington, and the new company was registered by the Registrar of Companies on September 14, 1965.¹⁰³ The company was founded with a share capital of R250,000 divided into 500,000 shares of 50c each. A distinction was made between A and B shares. R130,000 of the share capital was divided into 260,000 A shares of 50c each on which 10 percent was payable on allotment and 10 percent per year payable on call until the shares were fully paid up. A-share shareholders had the right to pay their shares in full at any time. The rest of the share capital (R120,000) was divided into 240,000 B shares of 50c each and made payable in full on allotment. Both A and B shares had one vote each.¹⁰⁴

When van Rooyen approached the people who promised to invest in his business, the reaction was disappointing. Some of the investors proved to be “loud-mouths that developed cold feet,” and some of the “big-money talkers were without substance.”¹⁰⁵ Instead of the expected R250,000, only about R50,000 was invested in the new company.¹⁰⁶ Van Rooyen and his family were totally committed to his idea, however, and they decided to forge ahead despite the “investor reaction.” He was still convinced of the enormous potential of his business, but he also emphasized that success would be achieved only through huge sacrifices and commitment. Of the initially interested parties, only a core (family, relatives, and close friends) remained, including, among others, van Rooyen and his wife Alice, Gert van Rooyen, S.J.J. (Baba) Thiart and her husband Danie, Hantie Mouton, Herman and Bessie Bouwer, Schalk Theron, Kootjie Henning, Flip Cornelissen (brother of Alice van Rooyen), and John Lee.¹⁰⁷

Van Rooyen realized that he needed to change the B.G. Bazaars distribution system for the requirements of the new company. Instead of transporting stock from centers such as Johannesburg, Durban, and Cape Town to Upington for distribution to Pep Stores branches (as was done in the case of BG Bazaars), the new company needed a more central and cost-effective distribution point. Cape Town’s harbor facilities for imports, its abundance of clothing manufacturers, and van Rooyen’s knowledge of its local set-up and surroundings made it his preferred choice as a distribution point. In a visit to Cape Town, van Rooyen and Hantie Mouton secured a warehouse facility in Albert Road, Woodstock. In August 1965, Mouton was dispatched to Cape Town to take charge of this initiative to facilitate distribution and handle large-scale buying.¹⁰⁸

¹⁰³ File: Pepkor Beperk, Akte van Oprigting en Statute voor September 1986 [Pepkor Limited, Memorandum and Articles of Association before September 1986]; “Memorandum and Articles of Association of Pep Stores (Proprietary) Limited,” 1, 5; “Certificate of Incorporation, 14 Sept. 1965,” PSA.

¹⁰⁴ Pepkor Beperk, Akte van Oprigting en Statute voor September 1986 [Pepkor Limited, Memorandum and Articles of Association before Sept. 1986]; “Memorandum and Articles of Association of Pep Stores (Proprietary) Limited,” 4.

¹⁰⁵ “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 6.

¹⁰⁶ “Robbert van der Kooy Profiel: Renier van Rooyen.”

¹⁰⁷ Renier van Rooyen, interview with author, 23 June 2005; “Gedenkbylaag: Dit het alles op Upington begin—Renier van Rooyen,” 6.

¹⁰⁸ “Jong Reus het sy oorsprong op Upington gehad”; “Helgard Pienaar, The Younger Ones: Renier van Rooyen Has that Harvard Look”; “Gedenkbylaag: Dit het alles op Upington begin—

The dominant role Renier van Rooyen was to play in the early years of Pep Stores was demonstrated early on when only he and Attie Myburgh, the two signatories of the company's Memorandum and Articles of Association, attended the first general meeting of Pep Stores on October 14, 1965.¹⁰⁹ They made several important decisions which included, among others, the appointment of van Rooyen as public official of the company, and Brink, Le Roux and Myburgh as company auditors, the allotment of shares to the first fifteen shareholders of the company, the ratification of van Rooyen's actions with regard to the acquisition of premises for the company in Cape Town, Postmasburg, and Kimberley, permission to open an account for the company at Volkskas in Upington, and permission to take over the De Aar branch of B.G. Bazaars from Bargain Stores (Pty.) Ltd., to become the first Pep store in the country. Van Rooyen and his family members and relatives dominated the shareholding by taking up 143,998 of the first 204,398 allotted shares.¹¹⁰

The permission granted for the takeover of B.G. Bazaars in De Aar was belated, ratifying an action taken in September 1965. Van Rooyen made the decision to sell B.G. Bazaars in De Aar to Pep Stores to give the new company some means of generating income in its early founding stages to cover initial costs such as salaries and traveling expenses. De Aar had the advantage that it was a strong and profitable branch with an established customer base, yet it was small enough for Pep Stores to afford the deal—buying the stock and furniture at book value from Bargain Stores (Pty.) Ltd. For the first three to four months of Pep Stores' existence, the company was carried by profits generated by the De Aar branch.¹¹¹

With the distribution facility in place, van Rooyen pushed ahead with plans to open new Pep Stores branches. Kimberley opened on December 1, 1965, and the third branch opened in Postmasburg eight days later on December 9.¹¹² The opening of the Pep branch in Kimberley was the first “new” store, in the sense that it was not an existing B.G. Bazaars store taken over and converted into a Pep store, as was the case in De Aar. The scenes at the opening of the Kimberley store, which resembled a riot as customers fought to get access to the shop, set the pattern for the scenario that was to repeat itself at the opening of new Pep stores in years to come.¹¹³

Renier van Rooyen,” 6; Hantie Mouton, interview with author, 9 Nov. 2004; Renier van Rooyen, interview with author, 23 June 2005.

¹⁰⁹ Pepkor Beperk, Akte van Oprigting en Statute voor September 1986 [Pepkor Limited, Memorandum and Articles of Association before Sept. 1986]; “Memorandum and Articles of Association of Pep Stores (Proprietary) Limited,” 5.

¹¹⁰ Pep Stores Minute Book, 14 Oct. 1965–28 Feb. 1979, First general meeting, 14 Oct. 1965,” pp. 1–2, PSA.

¹¹¹ Renier van Rooyen, interview with author, 23 June 2005; Hantie Mouton, interview with author, 9 Nov. 2004.

¹¹² “Big Crowd in Crush to Enter New Shop,” *Diamond Fields Advertiser*, 2 Dec. 1965, p. 9; “Jong Reus het sy oorsprong op Upington gehad.”

¹¹³ “Big Crowd in Crush to Enter New Shop,” p. 9.

FIGURE 7
The First Pep Stores Shop, De Aar, September 1965



Source: 1965—25 Years with Pep—1990 (Epping, 1990), 1 (company brochure), PSA.

FIGURE 8
The First Pep Stores Advertisement That Appeared in a Newspaper



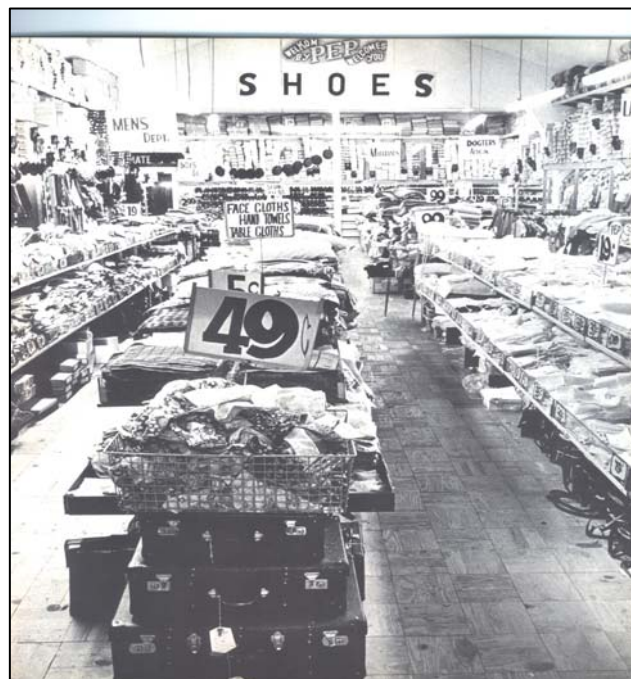
Source: *Diamond Fields Advertiser*, 29 Nov. 1965, 14.

FIGURE 9
Scene at Opening of Pep Stores Branch in Kimberley



Source: *Diamond Fields Advertiser*, 2 Dec. 1965, p. 9.

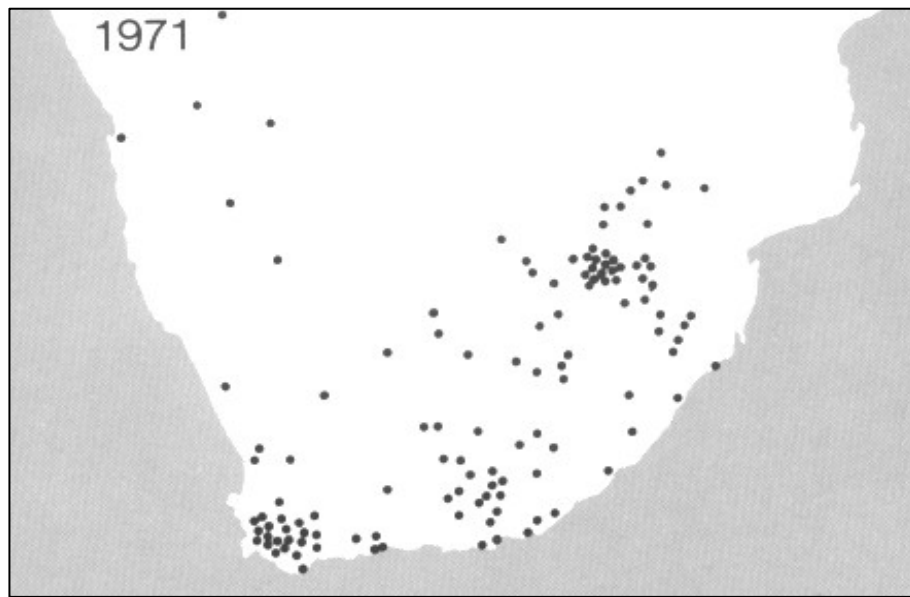
FIGURE 10
Example of the “Open Store System” Used in Early Pep Stores Shops



Source: *PEP Stores: A Retailing Phenomenon* (company brochure), 12, PSA.

With the opening of the Kimberley branch, Pep Stores was on the move. By 1969, Pep Stores had thirty branches with a projected turnover of R6 million for the 1970 financial year.¹¹⁴ In March 1970, the decision was made to change the format of the company from a private to a public company, and in June 1972, Pep Stores, Limited, was listed on the Johannesburg Stock Exchange.¹¹⁵ The van Rooyen “plan” had come together.

FIGURE 11
Location of the 164 Pep Stores Branches, 1971



Source: *PEP Stores: A Retailing Phenomenon* (company brochure), 23, PSA.

Conclusion

The story of the genesis and growth of Renier van Rooyen as an entrepreneur during the period leading up to the founding of Pep Stores, Limited, suggests a wide range of factors, circumstances, or influences that had an impact on his early entrepreneurial development and the fortunes of his business ventures. Because of the intertwined nature of factors in his evolution, any attempt at categorization is almost impossible. Was it a lucky break or the result of his personal temperament or attributes? How does one measure ambition, imagination, or innovativeness, and their contributions? How can one determine the influence of childhood poverty? Mindful of the restrictions, shortcomings, and subjectivity of any such analysis and categorization, an

¹¹⁴ “Putting Pep into Discount Stores.”

¹¹⁵ Pep Stores Minute Book, 14 Oct. 1965–28 Feb. 1979, Extraordinary General Meeting of Shareholders, 21 March 1970, p. 3; Board meeting, 25 Feb. 1972, p. 4, PSA.

attempt to understand van Rooyen's early entrepreneurial development suggests the following conclusions.

Personal circumstances such as the stigma of childhood poverty because of his father's early death, his mother's struggle to keep the family going, and the unfinished school careers of his brother and sister were unspoken psychological driving forces that help to explain his determination and hard work to succeed. It is to his credit that these things did not embitter him, but, rather, contributed to his lifelong sympathy for the plight of the poor, which in turn helped to shape the focus of his business ventures.

A network of family, mentors, and close friends also shaped, directed, and informed his career. The mentoring of his school principal, B. H. Burger, broadened his horizons and instilled enough confidence in him to attempt a university education. Wouter Brink gave him his first taste of the private sector and its financial rewards; James Nel gave him the opportunity to become bailiff; Japie du Toit gave him a blank check to finance his first business; Gawie Esterhuyzen introduced him to the commercial and retailing world and forced him into shopkeeping. Piet Strauss, a Coloured shop assistant, informed van Rooyen's early career as a shopkeeper, while Bennie Combrinck and the pipe-smoking John Lee introduced him to the wholesale world and direct-from-factory buying. When he needed trustworthy business partners, he could rely on the support of his brother and sister, while the "band of Gideons" with whom he founded Pep Stores consisted of family, relatives, and close friends.

However, we cannot separate the existence of this network from his temperament and personal qualities, his positive attitude, and his boundless energy. Evidence suggests that people experienced van Rooyen as trustworthy and capable, with the ability to realize his dreams. His temperament drew people to him and made him an excellent motivator. As a one-man band, he developed the ability to be enterprising and to manage at the same time. He also displayed a belief that his employees as ordinary people could perform extraordinary feats and do anything. In the Afrikaans idiom he almost ran a "*n boer-maak-'n-plan*" (a farmer makes a plan) concern. Among his first employees were a deep-sea diver, a carpenter, a teacher, a train driver, a garage worker, a shop owner, and student casuals. Through mutual trust and cooperation, he transformed this somewhat odd bunch into an effective team with which he built up and ran a thriving retail business. By insisting that employees of Pep Stores also become shareholders, he ensured their commitment; working for him and the company also meant working for themselves.¹¹⁶

Van Rooyen's willingness and ability to learn and experiment contributed to his entrepreneurial and managerial growth. From his mentors and friends, and the experiences they introduced him to, he was able to accumulate and eventually distill the vocational direction he lacked when he left school. He based his views on debt on the experiences of other people. Once on the commercial business path, his look-and-learn approach led him to hone his ideas on the experience of other firms such as Bergers and OK Bazaars. This approach, together with his willingness to experiment with shop formats, merchandise, suppliers, shop locations, and layout eventually

¹¹⁶ Ibid., Board meeting, 20 June 1968, p. 2.

enabled him to arrive at his own business approach or “plan” focused on a market segment that he thought was underserved. The unwavering trust that he developed in his own judgment in this regard, especially in his chances for success, was an important factor in achieving that success.

His ability to be innovative and to see obstacles as challenges was a further factor in van Rooyen’s success as an entrepreneur. Introducing auctioneering in Kuruman and Paarl to overcome the lack of trading licenses and the introduction of A and B shares to accommodate potential shareholders without access to ready cash to invest in Pep Stores, instead of abandoning the whole process of company formation in the absence of adequate investor support, is testimony in this regard. Introducing self-service in his shops and his willingness to defy apartheid legislation regarding separate amenities in his shops, bear further witness to these qualities.

His conscious and unconscious ability to interpret, utilize, and engage with his environment also contributed to his success. His decision to focus on the “cheap market,” which he wanted to supply with bread-and-butter lines via aggressive mass sales and high turnover at low prices with low costs, was spot on.¹¹⁷ The local (Upington) and South African national demographic trends, in tandem with the decline of wholesalers and the growing direct-from-factory buying possibilities, set against the background of the “fabulous years” of South African economic growth in the 1960s, made his market focus a viable option.

The political environment for his market focus was less favorable. His battle with local authorities for trading licenses and his defiance of the Separate Amenities Act demonstrated his unwillingness to bow before the “political god” in an attempt to change the environment. Although probably unintentional, the way that his business developed also made the geographical environment an ally in his entrepreneurial development and eventual success. Contrary to the “normal” pattern of the time, he founded his business in the rural (*platteland*) areas and only later conquered the urban areas. This gave him the opportunity to get his footing and grow his business protected from the scrutiny of established national clothing chain stores. By the time Pep Stores received national attention as a possibly dangerous competitor (Edgars made a takeover bid in 1969), the business was well established enough to be able to preserve its independence.¹¹⁸

A wide range of factors, circumstances, and influences contributed to the development of Renier van Rooyen as an entrepreneur and to the eventual success of his retail empire. In the final analysis, however, it was the prime mover, van Rooyen, who acted as a catalyst in the mix and therefore commanded center stage in his early entrepreneurial development and in the eventual success of his business.

¹¹⁷ Ibid., Board meetings, 17 April 1967, p. 1; 22 Aug. 1967, p. 2; 20 June 1968, pp. 2 and 4.

¹¹⁸ Letter from Renier van Rooyen to Pep Stores shareholders, 22 April 1969, PSA.