



5-shekel shakeup

How Hagit Shinover took a chance on her father's idea for Cofix
— and helped create a coffee shop and supermarket revolution

Revolutionizing the coffee shop and supermarket industries

Hagit Shinover left her cosmetics shop to join her father in creating the Cofix cut-price coup

• By ORIT ARFA

At the Super Cofix on Yigal Allon Street in Tel Aviv, a blonde woman wearing a stylish denim dress and sporting a Valentino handbag, who didn't look like someone who needed to shop at a supermarket where everything is priced at NIS 5, had just paid for a few items. She breezed through the line, as checkout was designed to go fast. Products here require no more than bar code scanning – weighing produce and price checks are unnecessary.

“What did you buy?” I asked her as she took her receipt.

She opened the plastic bag and showed me two bottles of Dove moisturizing cream (“Great stuff”), a *Mana Hama* (meal in a cup), Cofix crackers, Tnuva cottage cheese and the item of which she was most proud: an Israeli flag designed to fit over a rear-view mirror, in time for Independence Day.

“Very important,” she said. “You should get these.”

As for the crackers and cottage cheese, they'd serve as her lunch on the go. Because this woman is a busy woman. Her name is Hagit Shinover, and she is one of the brains behind Cofix – and now Super Cofix – which have become household names symbolizing more than just cheap food on the go. Cofix is a social movement.

Cofix is the ubiquitous urban fast-food franchise where everything goes for NIS 5, from sandwiches to dim sum; and in the case of Cofix Bar, shots of whiskey and vodka.

How apt that Shinover would choose to buy Tnuva cottage cheese right after our interview. Cofix was conceived by her father, Avi Katz, who in 2002 came up with the idea of a dollar coffee shop but shelved it because the time wasn't ripe.

The right time came after the 2011 cottage-cheese boycott in which Israelis took to the streets of Tel Aviv to protest rising grocery and housing costs. Cottage cheese, the price of which reached NIS 8 for a 250-ml. tub, became the subject of a social media-inspired boycott. Milky, the popular chocolate pudding, became another dairy symbol of the exorbitant cost

of living in Tel Aviv after an Israeli living in Berlin bragged how groceries there cost a third less, if one could judge by chocolate pudding.

Shinover had been running her own cosmetics shop in Herzliya when her father, already king of discount retail after founding the Kfar Hasha'ashu'im toy store, asked her, the eldest of his five children, if she wanted to get involved. Katz launched Super Cofix and the public offering of Cofix on the Tel Aviv Stock Exchange a year ago. He is the bulldozer type and admittedly hyperactive, which may account for his chain's meteoric rise.

At first, Shinover hesitated to go in with him.

“I thought it would succeed, but since it wasn't my field and I wanted to develop in the cosmetics field, I didn't know what to choose,” Shinover recalls from a stool in the Cofix station on the Super Cofix premises.

While she had experience with retail, entering the food and beverage industry would require learning the field from scratch. She already knew that academia wasn't for her, having dropped out of Sha'arei Mishpat College of Law after the first year, just in time to meet her future husband.

“My husband insisted that I go with Cofix. He believed in it,” he says.

Today, Shinover, now vice president of purchasing, is responsible for negotiating with suppliers and selecting products to be sold at all Cofix stores. When Shinover initially approached suppliers, many told her that the vision for offering quality items at NIS 5 was impossible. She recalled one meeting with a sandwich supplier, who said they couldn't sell entire sandwiches with a profitable mark-up.

“Avi opened the sandwich and took out only one triangular half and said, ‘How much would you sell this for?’ We had to be very creative, until today. A supplier comes with the mind-set of what he has and doesn't know how to play with it,” she explains.

Initially, Cofix started with sandwiches (tuna, cheese, avocado), baked goods, focaccia, orange and carrot juices, desserts, a sundry of snacks and, of course, coffee.

Shinover makes it a point to always refresh the seasonal menus and add holiday specials.

The dairy menu has since expanded to offer dim sum, TV dinner-style pasta, rice dishes and salads. I've heard debates over quality and taste, but for NIS 5 all products seem worth a try. Shinover is proud that a hidden camera investigation conducted by Channel 2 on the freshness of sandwiches at major coffee chains revealed that Cofix was among five whose sandwiches were bacteria-free.

“People want to buy a product at a fair price,” she says. “Cofix represents fairness. It's the same with Super Cofix. We're very fair with the customer. With all our products, we try to offer the best prices. We give them the possibility to choose two for NIS 5 and mix and match products. You don't have that anywhere else.”

Shinover and her partners knew that Cofix would have to provide a holistic, even prestigious, consumer experience in which customers feel that they're not resorting to a discount coffee shop because they're lower class. Super Cofix wouldn't be like the 99 cent store chain in the US, a place where struggling families shop. With its brick walls (or wallpaper), Super Cofix's design evokes a subway station, a place for

busy people who don't have time to waste. Cofix and Super Cofix also stock private labels and believe in the importance of consistent branding.

“We wanted people to feel that they're buying for NIS 5, but the value they get is much greater,” she says.



Hagit Shinover – one of the brains behind the Cofix empire – in Super Cofix on Tel Aviv's Yigal Allon Street. (Dan Lev)

A Cofix branch in Givatayim. (Orit Arfa)

Super Cofix would be a smart, socially conscious, even a rebellious choice.

“The supermarkets in the city take advantage of those who can't travel to [discount] supermarkets outside the city or when you're on your way to work and need something quickly, so you go downstairs to buy what you need,” she says.

Business with a social vision is the way of her father. He applied this idea in the realm of investment with his “baby,” Keren Hagshama, an investment firm that enables middle-class Israelis to get in on major investments around the world with a NIS 100,000 investment.

Super Cofix was meant to provide solutions for those who have no reason to go to discount chains like Hatzi Hinam and Rami Levy for buying-in-bulk specials: students, singles, young couples and senior citizens.

“I say, my father-in-law or my daughter eats Tnuva cottage cheese,” Katz says. “They've gotten used to eating good food. They don't want to be told all of a sudden that now they must eat inferior cottage cheese, that they must eat something inferior – and now they'll get subpar tomatoes for cheap.”

Katz and Shinover conducted market research through the Nielsen market analysis company that ranked Israel's 600 best-selling grocery products. They ap-

proached major Israeli food companies such as Tnuva, Osem and Tirat Zvi to create smaller packaging to go for NIS 5 retail, since the target population does not require large quantities.

What's it like working as a father-daughter team? Actually, Shinover says that she hardly discusses business with her father, the CEO, and that when she was growing up, her father was an “invisible presence” at home. He'd come home late from long days of wheeling and dealing, while her mother was the full-time CEO of the Katz household. In Shinover's own life, her husband is a Mr. Mom to their two daughters, aged seven and 10.

“My husband works at home; he's a lawyer, so he spends all day with the children. He welcomes them home, takes care of them, so I'm relieved of much of the juggling of a household. It's a lot. It makes it easier and really helps. I can go to work with a clear head,” she says.

Raised in a modern Orthodox home, Shinover leads an observant lifestyle. Katz grew up in a haredi household in Bnei Brak, but books opened his world. *The Fountainhead* by Ayn Rand inspired his individualistic streak, while Leon Uris's *Battle Cry* inspired him to serve in the IDF. Today, he could roughly be labeled a religious Zionist, but as he puts it, “The day they put

me in a box, I failed.”

Shinover does not necessarily credit her religious values for the idealism behind Cofix. The ethics guiding the brand are universal.

“I think it's a matter of values that many people have. Not to always be greedy, wanting more and more. There are many people who are fair; it's not the religion,” she says.

She says they have an automatic safety net against greed – the limited price on every product. Although, in the long run, the concept makes good money. Super Cofix is looking to expand from 17 stores to 40 by the end of the year. Cofix, the coffee shop, is a franchise that creates business opportunities for men and women seeking a career path. (On average, a Cofix store must sell 1,500 items per day to generate a profit.) To date, there are 118 Cofix coffee shops. The business has also spawned many copycat stores, forcing the price of coffee down at major chains.

I spoke with Kobi Bitton of Ramat Gan, who is a consultant for business development. He had stopped by to shop “on the way.” He says he'd like to see more diversity in the stock but admits that he is not Super Cofix's target customer. He has a family with two children, so he does his shopping at major supermarkets.



Avi Katz, who conceived Cofix. (Jonathan Ben Chaim)

“People want to buy a product at a fair price – Cofix represents fairness. It's the same with Super Cofix; we're very fair with the customer. With all our products, we try to offer the best prices. We give them the possibility to choose two for NIS 5 and mix and match products. You don't have that anywhere else.”

“You don't have the full selection here,” he says. “It's right for people who are single or students.”

And let's not forget another group: soldiers. Sitting in uniform in the corner of the Cofix station was Adir, listening to music while drinking iced coffee on a hot day, taking a break he otherwise might not have taken.

“If the iced coffee didn't cost NIS 5, I wouldn't get it. It pays for me to buy it here rather than for NIS 15 or NIS 20 somewhere else,” he says.