

**24 November 2009**

Another day, another R7.47, as a friend used to say when he worked over at American Express. Still, every little bit helps, particularly in these times, when inflation is going down, GDP is growing, yet nobody at present seems to have any wedge, as September's retail trade sales will tell you. Anyway, enjoy the read. It's free.

RETAIL & WHOLESALE**Woolworths****We can't hear you! Lalalalalalalala!**

Sometimes, an immaculately-cut suit is not enough to protect one from the hurly-burly of the AGM, activist shareholders popping up all over the show with a mad gleam in their eyes, and the franchisees in revolt. Or so Woolies found this week, when the shareholder known only as Mrs Gilmore, famous for her determined interjections, questioned the credentials of a couple of the new Non-executive Directors. And the franchisees, some of whom believe that Woolies is trying to squeeze them out, attempted – using impeccably procedural means – to have one of their own appointed to the board. There are 80-odd franchise stores, located in smaller centres, and contributing, say the franchisees, around 20% to turnover, a number Woolies disputes. There is a view that when their contracts expire, Woolies will buy their stores back into the business, something many of the 37 franchisees don't want to see happen. **Comment:** Swashbuckling stuff, in a week when Woolies also announced that it expected first-half earnings to drop 20% in tough trading conditions.

Fin 24 13/11/09

Dis-Chem**You can never have too many of those red and green pills**

The superfluously-hyphenated Dis-Chem is thinking of taking its case to the Competition Commission after a refusal by the Department of Health to grant them a dispensing license in PE on the grounds that there are "sufficient" pharmaceutical services in the friendly city already. This is the first time in Dis-Chem's 31 year history that it has encountered such a block, the work, it believes, of a group of pharmacists in the hood. It has gone ahead and opened shop in Cape Road, but offering only personal care items and unregulated medicines to an increasingly frustrated clientele. Dis-Chem, you may recall, is thinking about offering shares in its business for sale to the general public on the Johannesburg Securities Exchange (JSE). **Comment:** While on the one hand, one likes the little guy to survive, it hardly seems fair that Dis-Chem is being punished for hard work and ingenuity in a tough retailing first and legislative environment.

Business Report 18/11/09

SPAR**You can dance, you can jive, having the time of your life...**

SPAR's second half performance (turnover up 15%) was down on the first half (24.5%), attributable in part to a decline in inflation from 16% to 9%, with a further decline to around 6% expected by the end of the year. Taking SPAR's real growth into account, and adding that 6% for inflation, the Green One could be looking at growth of around 8% in the next financial year, in line with their slightly more modest expectations – although Wayne Hook believes, quote, "we may have to dance a little, but we think we can hold on to our gross margins." Profit for the year before tax rose 15% to a solid, comforting R1.1 billion. **Comment:** Nice one for the shareholders, too, whose dividend this year increased 26% to 322c per share.

Financial Mail 21/11/09

Joburg Market**A fresh approach was needed**

Since 2006, the Joburg Market, which like Eskom is a parastatal (although there the resemblance ends), has gone from floundering around in the red to revenues of R3.32 billion per annum, up from R1.2 billion, with an after tax profit of R24 million. This it has achieved under the stewardship of Kgosientso Ramokgopa, a bright young feller from Atteridgeville, who grafts hard and wishes some of his suppliers were the same. The market is having to go north of the borders of the Republic to find suppliers who can deliver the requisite quantity and quality. As productivity on some South African farms has declined, prices of fresh fruit and veg have gone up dramatically – 84% in the year to July, and 30% since then. The Joburg Market has a 37% share of the national fresh wholesale market, and is bristling with innovations – screens displaying prices like a stock exchange, and online facilities for farmers to check sales to mention just two. **Comment:** An epic success story, anyone listening? Eskom? Telkom?

The Sunday Times 22/11/09

MANUFACTURING & SERVICE PROVIDERS**Rainbow****A tough old bird**

In the six months to September, Rainbow increased revenue 4.7% to R 2.6 billion, with operating profit up 42.3% to R248.7 million. And while it's looking nervously, who isn't, to the months ahead, the Feathered One avers, if that's the

word, that it has stuck to its strategic guns to offer acceptable margins in times of tough trading and crazy input costs, while keeping an eye on efficiency and quality at the plants and feed mills. Rainbow has continued to innovate in both products and operations, bringing several crumbed products to market via Farmer Brown, and integrating their outbound supply chain functions with the other warehousing and transport services managed by Vector Logistics. Food service has also been a priority, and KFC has rewarded this with a Supplier of the Year award. **Comment:** Excellent work from a business which proves that great institutions can continue to innovate and thrive under even the toughest of conditions.

Supermarket.co.za 19/11/09

SAB

Did you know?

There are more licensed venues on the V&A Waterfront than there are in all the townships of the whimsical municipality at the forgotten end of this great continent we call home. Fact. The Western Cape has a backlog of 3 000-odd unprocessed license applications lodged by taverners desperately seeking legality, and only 320 licensed joints. Part of the problem is that few of the establishments in question are in areas zoned for commercial use – and might explain, to a point, why local lager volumes have declined 3% for the six months to September. **Comment:** Although another explanation might be the resurgence of non-SAB green-bottle beers on these shores...

Business Report 20/11/09

Clower

Fine, then!

Clower have somewhat huffily suggested that if the Department of Trade and Industry (dti, get some capitals for goodness sake, you aren't an ad agency!) is unable to tell it how various players in the dairy industry are allowed to interact, it will just have to withdraw from all dairy industry associations. Clower has appealed to the dti for a temporary exemption from the Competition Act, due to unfavourable economic conditions and the fact that farm subsidies in regions like the EU are hitting local producers hard. Clower desires that local producers be allowed space to share information with other industry players and conduct discussion on the running of the industry. One of the big challenges is the fact that dairy farmers are exiting the industry at an alarming pace. **Comment:** Hmm. A good point, if sulkily put.

Business Report 23/11/09

TRADE ENVIRONMENT

Retail Sales

Kaching, Schmaching

Bad news, on this front, we are very much afraid. Retail sales are still making like American pensioners and heading south, declining a further 5.1% for the month of September, after tanking 7% in August. These numbers are at odds with the numbers reported by some retailers who are doing quite well in the recession, notably Mr Price in his ill-fitting trousers, and Shoprite. Interestingly, those retailers which generously allow their customers several months to pay for purchases have noticed an uptick in payments received, suggesting that weary punters are attempting to drive their debt down rather than splashing out on Moët and slim-fit Polo shirts. The large number of retrenchments this year is also perhaps making itself felt, while a mitigating factor might be the easing of inflation in recent months. Meantime, GDP rocketed to +0.9% yesterday, meaning that we are officially out of recession. In the retail sector, however, GDP was calculated at -1.1%, which means we've been in recession for a year and a half. **Comment:** A jobless recovery? A cashless recovery? A hopeless recovery?

Business Report 19/11/09

Inflation

Could do better

Inflation is relaxing its chilly grip on the wallets and hearts of South African consumer, with food inflation sliding further to 4.9% in September. This after peaking at 19.2% last August. In the six months to September, meat dropped from 10.5% to 4.1%, while bread and cereals plummeted from 17.7% to -2%. At 6.1%, overall inflation hovered tantalisingly close to the Reserve Bank's targeted upper limit of 6%. But Mrs Doubtfire over at the Reserve Bank, keen to prove that she is no pushover and that no gum chewing will be tolerated in her class, kept the interest rate fixed at a nevertheless still doable 7%. **Comment:** Will the following spendthrift consumers meet me outside the Headmaster's office after assembly...

Business Report 19/11/09

IN BRIEF

Nokia

Through a scanner, darkly

Because you can never have too much information, those clever Finns at Nokia have slaved away all winter, that's about thirteen straight months of it, to bring you a telephone that will also scan your groceries, and indeed your pets and children if they're barcoded. Devilish.

Namnews 13/11/09

Woolworths

So much hot air

Woolworths continues to gun it on the sustainability front, this time piloting a refrigeration system driven by natural gas, which does not contain ozone depleting CFCs. The system, which took three years to design, is installed in the rather crustily-titled Grey Owl store in Midrand. In more frivolous news, the beauty department in the flagship Sandton store has just had *the most divine* makeover.

Tatler Reporter 19/11/09

Coke

A juicy item

Coke, which owns 100 juice brands in more than 145 countries, will soon be rebranding them all, yes, all, using the black Minute Maid livery, Minute Maid being the group's biggest US juice. The names, however, will be allowed to remain. The only exception will be their delicious, fresh colaberry juice, which will stay red and white, and of course brown.

Financial Times 18/11/09

TRADE INTELLIGENCE

Training & Seminars

mycustomer

MyCustomer is a series of training programmes and executive presentations designed to provide your business with the insights you need to trade effectively in the South African consumer goods environment. The programmes look at the FMCG Environment holistically, from the macroeconomic drivers that shape consumer behaviour to the retail responses to these, including their positioning, strategy and operational execution. MyCustomer explores the areas of opportunity for co-creating value with your customers, and inspires your team to maximise these opportunities in your business and with your trading partners.

mycustomer 2.0

An introduction to the SA Trade

Trade Intelligence plays a fundamental role in attracting, educating and inspiring industry talent with this intensive 2-day workshop for marketing and customer marketing graduates, new entrants and non-customer facing staff, providing in-depth insight into Key Customers and the environment in which they operate.

Mycustomer 2.0 provides:

- An in-depth understanding of your customers, their trading operations, market positioning and strategic focus areas.
- A clear and concise 'situation-analysis' which is key to drawing up annual account plans – "where each retailer is at today and discussion regarding where it is going tomorrow".

FOR MORE INFORMATION ABOUT THESE COURSES, contact Michelle Caskie on (031) 303 2803 or email michelle@tradeintelligence.co.za

THE WEEKLY GURU

"If life gives you lemons, make some kind of fruity juice."

Conan O'Brien

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