



12 January 2011

Welcome back, trust that you had a relaxing time. Someone who didn't, of course, was Mr Ramburuth over at the Competition Commission, who took advantage of your absence by quietly exonerating the likes of Pick n Pay and Shoprite of collusion, who would have thought, more below on that. Enjoy the read, which is in no way supported by our friends over at fastmoving.co.za, should the Commission be casting about idly for something to do.

RETAILERS AND WHOLESALERS

Choppies

The Number One Ladies Retailer

"Who?", you may ask, and you'd be wrong. Choppies is Botswana's biggest retailer, expanding over the past two decades from a filling station and convenience store to a group of 41 stores covering every significant corner of that flat and arid paradise, and competing with the likes of Score, Shoprite and main rival SPAR, from which, we reported some years ago, it had snaffled a bunch of stores. Choppies has also made inroads into SA, with the opening of another 10 or so, in places like Koster and Lichtenburg. The flagship format is the Choppies Superstore, although further ventures into convenience or franchise are planned to serve the deeper rural locations, where the Botswana government is offering 200 million pula a year to 2016 in loans and tax incentives to intrepid retailers offering better quality food to these underserved areas.

Comment: Just thought you should know, that's all.

[Tatler Reporter 11/01/11](#)

Massmart

Isn't that nice?

Flushed, no doubt, with good cheer from their pre-Christmas drinkies with Messrs Basson and Wiese, Cosatu are planning a new year's shindig with Walmart and Massmart, whom they intend to educate about the finer points of South Africa's Constitution and Labour Relations Act, and to secure a few guarantees at the same time. Of particular concern to Cosatu, aside from Walmart's union-busting reputation in the States, is the Large One's capacity to undermine the manufacturing sector in SA with its global buying power. In other Cosatu-related news, the union has called upon its membership to gird themselves for the Mother of All Battles against labour brokers in 2011.

Comment: There is a school of thought that suggests that Walmart might represent a global opportunity for competitive SA manufacturers, with the emphasis, of course, on the competitive.

[I-Net Bridge 21/12/10](#)

Share Prices

You think you so big

According to certain gimlet-eyed analysts over at Investec, South African retail shares have had it way too good for this how long, and it's time for a cold cup of reality. Investec disparages the argument that South African retailers offer value simply because they trade at lower PEs than their emerging market peers, and that this value will offer little protection when the free money currently finding its way to these shores becomes a little more rational in its quest for returns. Another analyst, lurking behind a veil of anonymity, has fingered Woolies and Pick n Pay as being a touch on the pricey side, the former because of its local clothing strategy, and the latter because of its sticky exit from Aus.

Comment: How did we do there? Did we sound like we knew what we were on about?

[iafrica.com 10/01/11](#)

Shoprite

Hooah!

No flies on the Big Red One as we start the year – turnover up a more than presentable 9.5% to R36.3biljoens over the past six months, especially December, when sales were up 11.9% year-on-year. Like-store sales were up 2.8%, against a backdrop of internal inflation running in the negative to the tune of 1.2%. Supermarket sales in the RS of A grew 8.4% for the period, with sales beyond our borders a less exciting 3.2%, adjusted to 3% in rand terms because of the ongoing strength of our troubled adolescent currency. 87 new stores were added for a total of 1015 locally and 151 abroad.

Comment: Good work there from the beefy brigadier-general of SA retail.

[Business Day 11/01/11](#)

MANUFACTURERS AND SERVICE PROVIDERS

Tiger Brands

Earning bright

In a quiet move against the elastic shall we say relationship between executive remuneration and actual performance, Tiger Brands have cut CEO Peter Matlare's 2010 bonus by a whacking 75% after the Striped One posted a 2% decline in sales to R19.3billion for the year to December. Matlare's bonus for '09 had been R3.44million for a total package of R7.5million, this year he wandered disconsolately home with a bonsela of only R855 grand, and a total of R5.35million. Tiger's performance was hit hard by deflation in food commodities, and a still-depressed consumer base reeling from job losses and ongoing debt picked up the halcyon years up to 2008.

Comment: Put that in your wage negotiations and smoke it.

[Business Report 05/01/11](#)

Country Bird

It lives!

Country Bird Holding's share price took a hit on the revelation that subsidiary Supreme Poultry was implicated in the Zombie Chicken affair which so enlivened our festive season. Country Bird has, if you will forgive us, been a plucky contender in the competitive and tricky poultry game, beset as it has been by a strong rand and cheap South American imports. The Bird's designs on greatness are well known, after a failed bid to acquire rival Sovereign in '09, and its inroads into efficiencies and costs have been impressive. While the damage to the business' reputation cannot be underestimated, the share itself has made its way back to its pre-Carte Blanche level of 325c per.

Comment: Whether there are other poultry producers with reinvigorated skeletons in their closets remains to be seen.

[Finweek 13/01/11](#)

TRADE ENVIRONMENT

Competition

Nothing to see here...

As we were saying, the Competition Commission picked a strategic moment between the turkey and the hangover to quietly mention that it was dropping its 18-month-old enquiry into the competitive practices of our retail giants. It has cleared retailers of collusion over prices, a subject, you may recall, over which Pick n Pay and Shoprite have fought vociferous public battles, but says that questions remain over the conditions attached to long-term leases with shopping malls. Other areas in which one must now accept that competitive rules apply, in the absence of evidence to the contrary, include category management, and concentrated buying power.

Comment: As we have so often remarked, it's ironic that the Competition Commission operates as a monopoly.

[Business Day 31/12/10](#)

Food Prices

Hard times

As economies recover, demand rises and the oil price heads north, dire predictions are abroad about food shortages and increasing prices in the months and years ahead, and the record prices of soft commodities last year have upped the ante on the Malthusian gloom. On the slight upside, the strong rand with its increased buying power may shield us from the worst of the effects. And the maize mountain built up over a summer of excellent rains could help too, provided the farmers don't sell it overseas at a whacking great premium. But with wheat futures up 47% last year due to drought in Russia, sugar and meat at record highs and rice and maize hitting pre-'08 levels, prices are going to go up, with desperate implications for South Africa's poor.

Comment: Once again, the devil's own juggling act of climate, food and oil rolls into town. Perhaps this time we'll be better prepared.

[Business Report 10/01/11](#)

IN BRIEF

Shoprite

Anything to declare?

Shoprite chair Christo Wiese has engaged the services of Clare Montgomery, top UK legal-wallah and counsel to Shrien Diwani, to challenge the confiscation by British Customs and Excise of the R7million-odd in loose change he was transporting from an old shoe in London to its new home under a mattress in Luxembourg. We would be happy to furnish him and Mr Susman with the name of a chap we know in Nassau, who would be happy to lug the stuff around on their behalf, for a small consideration.

[Business Report 22/12/10](#)

Asda

The important thing is to keep busy

Wunderkind Andy Bond, who assumed the Asda reins at the tender age of 39, and spent a rattling nine months in the position, has stepped down to focus on a couple of his other passions – an online racing bike store called Wiggle, a couple of promising UK fashion chains and of course the acquisition of a little business called Massmart. Pensioners these days eh.

[The Telegraph 05/01/11](#)

TRADE INTELLIGENCE

Training & Seminars

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THE WEEKLY GURU

“I do not know that any writer has supposed that on this earth man will ultimately be able to live without food.”

Thomas Malthus

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