



20 June 2012

Occasionally our Retailers and Wholesalers section (below) is worthy of the full title. Excellent news there from our friends at UMS and IBC, and a shake up in a sector which plays a massive role in the lives of millions of South African consumers. Who will, if the economic news is anything to go by, be looking for all the help they can get in the months ahead. Enjoy the read.

RETAILERS AND WHOLESALERS

Clicks (1)

So long, farewell, auf wiedersehen, adieu

There are some people in your life whom you kind of know, and you think they're pretty cool and interesting and dynamic, but you never seem to spend any time with, and always assume that one day you will. That's how we're feeling about Mike Harvey right now, he of Clicks fame, who resigned as MD without warning or ceremony last week, leaving Mr Kneale holding the reins and saying things like "Mike and I agreed that the time is right for a change as the business moves forward to its next growth phase." No more compelling reasons have been given for the move at this time. Harvey had been with the Group man and boy for 23 years, an executive director for six of those, and has played a major pre-and-post Kneale role in the sustained growth of the business.

Comment: 33.3% of all CEOs of listed retailers operating in the packaged consumer goods space have resigned in the past six months. A worrying trend.

[Tatler Reporter 19/06/12](#)

Clicks (2)

Turns out cellphones are good for you

And while we're on the subject of Clicks, how's this? The Unicorny One is launching a mobile voucher product which may be redeemed at Clicks pharmacies and in-store clinics. Impilo vouchers, launched with healthcare purchaser Health Connects and named for the Nguni word meaning "wellbeing" are aimed at the uninsured and at their employers. They are transferrable, and may be used to "send" healthcare to distant dependents. The vouchers may be bought for actual cash or for Ukash e-commerce vouchers which you can get at Pick n Pay and Shoprite, and negotiations are also underway with the Post Office. Currently, estimate Health Connects, R37billion is being spent out of pocket on healthcare.

Comment: A nice little market then, and a wonderfully appropriate idea for it.

[Business Day 12/06/12](#)

Pick n Pay

www.dont-hate-me-cos-im-gorgeous.co.za

The recently updated Pick n Pay online shopping site demonstrates in crisp, bright colours just how seriously the Big Blue takes both online retail and its Smart Shopper loyalty programme, with each featured special tagged with the number of extra points you'll get, and the whole thing resembling some super-fun, extra-vibey grocery themed variant of the noble game of Scrabble, with loads more triple word score squares. And it's not just about points back and appearances: they have also streamlined their delivery processes. This in response to received and anticipated growth in a market which, while starting from a low base, is looking good: 8.5 million South Africans use the internet, 75% of those actively use e-commerce, and 4.5 million are banging their little faces up against the red hot chainlinks of the devil's playground that is Facebook.

Comment: Delivery is of course where the pedal of consumer demand hits the metal of profitability for aspiring online retailers.

[Cape Argus 14/06/12](#)

Wholesale

Declaration of independents

Wholesale Groups UMS and IBC have formed a joint venture with the express purpose of obtaining better prices from suppliers from their combined 220 wholesale and retail members. The businesses have a joint store-level turnover of R26billion. The new entity is calling itself the Amalgamated Buying Consortium (ABC), which is a pretty nifty handle. There has been some talk that other groups such as Elite Star, ICC and the Buying Exchange might join the party, but according to UMS CEO Jad Perreira, not right now, and at a different level of membership to the founders should it ever happen.

UMS and IBC are the only buying groups (apart from Massmart's Shield) that offer central accounting services and guaranteed payments to suppliers.

Comment: Big news from the normally below-the-radar world of independent wholesale... although not such new news for suppliers concerned.

Supermarket.co.za 12/06/12

MANUFACTURERS AND SERVICE PROVIDERS

Fisheries

A titanic failure

South Africa's hake trawl industry has been placed under serious threat by a spot of maritime bungling on the part of the Minister of Agriculture, Forestry and Fisheries, Tina Joemat-Pettersson, who has suspended the contract for the country's fleet of survey and inspection vessels, now tied up uselessly alongside in Simonstown, next to a couple of arms-deal submarines one assumes. This means they've missed this year's survey, required by the Marine Stewardship Council (MSC) for certification of the catch, which means the fisheries could lose their membership of the Council next month. This would block us from northern European markets even as demand in cash-strapped southern Europe dries up, which in turn would leave us with a glut of unaccredited hake on our local market, a price collapse in the R2.89billion industry and the potential loss of around 5,000 jobs. The not-particularly-vertical, although heartwarming, upside is that the fishing industry itself has chartered a survey vessel, with its own inspectors as crew, in a last-ditch attempt to ward off de-accreditation.

Comment: There are not plenty more fish in the sea. But if we're going to exploit them as a resource, we should at least attempt to do it responsibly – and profitably.

Business Day 15/06/12

Tetra Pak

Boxing clever

It's an idea few companies (or cultures) have actively grasped: that if you're looking around for something to use in the creation of your products, there may be no better place to start than that self-created, barely-used mountain of junk beneath your feet. In this regard, Tetra Pak are quicker off the mark than most, using 75% renewable paperboard and 25% aluminium and polyethylene in their signature aseptic cartons, for an item that is 100% recyclable. In 2010, of the 158 billion individual packages they supplied to various food and beverage businesses globally, they recycled 32 billion doing away with over 473 kilotonnes of waste. Now they've announced a recycling partnership with Gayatri Paper Mills with the opening of the first-of-its-kind carton recycling facility for the re-processing of 6,000 tons of cartons annually, with the creation of many jobs both formal and informal, the latter in the easy to ignore picking and baling sector.

Comment: Commendable stuff, that boxy chap. For the bottom line too, no doubt.

Supermarket.co.za 14/06/12

Rainbow Chicken

A plucky little chap ... oh, shut up!

Down in the Western Cape, Rainbow Farms has had an interdict issued against a small chicken farmer on the excitingly-named grounds of biosecurity. But hang about: before you go all Occupy Wall Street on us, listen to the facts: The firm in question, in the Hopefield area, has permission for the raising and execution of 250 birds at a time. It currently has 4000, which in the absence of a disease protection plan from the State Vet presents surrounding chicken farms with an elevated risk of the airborne diseases to which *Gallus Domesticus* is so prone. Rainbow's nearby operation houses up to almost 200,000 birds at a time, and while the smaller operations output clearly represents no risk to their market share, it could present a serious threat of contagion.

Comment: A thorny issue: balancing the imperatives of rural development with the wellbeing of the entire industry. Actually, in this instance, not so thorny at all.

IOL 12/06/12

TRADE ENVIRONMENT

Retail Sales

About that light at the end of the tunnel....

The retail sales data we were agonising about last week is in, and frankly, it's not all that. According to the hoary old beard scratchers at StatsSA, growth was down by 1.9 percentage points to 5.9% from the last quarter of 2011 to the first quarter of this year, with April up only 1% year on year. And quarter on quarter – unsurprisingly – the percentage of retailers reporting that they were satisfied with prevailing business conditions has dropped from 61% to a two-year low of 39%. On the upside, April's dismal report may have something to do with the concentration of public holidays last April. And then heading back to the dark side, we are skating dangerously close to negative economic growth, with GDP for May growing only 1.8%, and more headwinds surely to come as the world economy responds to disquieting news from Europe.

Comment: Brace yourself gang.

Bizcommunity 15/06/12

IN BRIEF

Procter & Gamble

Here's an idea for you, Mr Smarty-pants Analyst: Why don't you shut the heck up?

A bright-spark analyst – and there's always one hoping to make his reputation on contrarian pronouncements – has noisily suggested that P&G should break itself into pieces in order to unlock an estimated \$208 billion of market value. The business is currently worth \$171 billion, and has embarked on a programme of cost savings which should net it \$10 billion by 2016, as well as embarking on a large push into developing markets. This in the face of declining market share and a share price which has lost 6.2% of its value this year.

[Bloomberg 15/06/12](#)

Unilever

The Dunkirk spirit

In the UK, Le Grand Bleu is sadly contemplating the retrenchment of 500 staff and the closure of a number of sites in an attempt at rationalising their operations on that damp island. Happily, this will also see the investment of 40 million quid in their biggest British factory, located in the northwest, where 150-odd jobs will be created. Some positions will be moved east, to Unilever's IT centre in Bangalore, in the interests of global growth and competitiveness.

[Bizcommunity 15/06/12](#)

TRADE INTELLIGENCE

Training & Seminars



My Customer 2.0 gives you the practical and strategic tools you need to understand your key retail and wholesale customers, their strategic imperatives and resulting expectations of suppliers.

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Delegates will emerge with:

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Programme	Date	Venue	City
My Customer 2.0	25 to 26 July	Pick n Pay Institute, Fourways	Johannesburg
My Customer 2.0	14 to 15 August	Southern Sun Hotel, Newlands	Cape Town
My Customer 2.0	12 to 13 September	Pick n Pay Institute, Fourways	Johannesburg
My Customer 2.0	23 to 24 October	Pick n Pay Institute, Fourways	Johannesburg

Costs

Early Bird Rate (booking form and payment confirmed 3 weeks before training programme) – R5,850 pp

Standard Rate – R6,650 pp

All costs are exclusive of VAT.

FOR MORE INFORMATION ABOUT THIS COURSE, contact Linda Hogg on (031) 303 2803 or email

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THE WEEKLY GURU

“Give a person a fish and you feed them for a day; teach that person to use the Internet and they won’t bother you for weeks.”

Unknown

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