



10 August 2012

Brands, eh. Ephemeral, mysterious, powerful. The wind that blows across the African Savannah – do you see it? You do not. But you see the grasses bow in its passing, like so many consumers reaching down for their wallets. Respect to the winners and runners up in the Top Brands Survey, a heartening bunch who indicate that the South African punter has her head screwed on the right way and is not unduly influenced by too much in the way of glamour. Enjoy the read.

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## RETAILERS AND WHOLESALERS

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### Massmart

#### The odd couple

It's amazing what you can do with R100million if you stretch a bit here and tuck a bit there. Massmart, for example, is hoping to integrate 1,500 smallholder farms into its supply chain over the next five years, ultimately sourcing 30% of its fresh produce from small local farmers, using its Supplier Development Fund (of anything between R100million and half a billion, depending on who you ask) and Walmart's Direct Farm methodology, pioneered in India, China and Latin America, to get the ball rolling. And the government – remember them? Yankee imperialism, death by imports, the end of the working class, that government? – are getting right behind the Men in Black, with Agriculture, Forestry and Fisheries Minister Tina Joemat-Pettersson popping in at Massmart's Direct Farm Initiative in Limpopo in her Walmart cap and calling for public private partnerships between the department and retailers.

**Comment:** The Road to Damascus, eh. Damascus, Limpopo, that is.

[Business Day 03/08/12](#)

### Woolworths

#### Magic, mate.

Always on the lookout for a quality bit of double-worsted, The Dapper One has gone ahead with the rumoured purchase through its Country Road subsidiary of posh Aussie clothes shop Witchery, for 172 million Aussie dollars, somewhat shy of the AUD 500million original asking price. The seller, private equity gang Gresham, is majority owned by Wesfarmers, who also own the Coles grocery chain, and it is speculated that retail is more their thing than financial swashbucklery. Together, Country Road and Witchery will own around 520 stores with a combined business value of \$700million, putting them in the number two slot of specialty retailers. A casualty of the deal has been Country Road CEO Howard Goldberg, who is handing over the reins to Witchery Boss Iain Nairn.

**Comment:** A bottle of Johnny Black to the best Iain Nairn limerick. A hint: in Australian you say it "Een Neen".

[Moneyweb 01/08/12](#)

### Shoprite

#### If we cared about awards, which we don't..

Big up to the Big Red One who did proudly in the Sunday Times Top Brands 2012 Awards fest, whose logo this year looked oddly like a tin can bleeding into shark-infested water. Shoprite came in 10th in the Overall Favourite Consumer Brand category, the only retailer there with the support of 84.73% of the populace. They were, however, pipped into third by Pick n Pay in the Community Upliftment category. The Big Blue also made a respectable showing at 6th in the Most Desired Company to Work For category, with no other retailers getting a look in. In the Supermarket and Convenience category, which is of course the one that counts, the rankings went a little somethin' like this:

Shoprite 84.73%  
Pick n Pay 78.36%  
SPAR 67.08%  
Woolworths 64.85%  
Checkers Hyper 63.81%  
Massmart's Makro came in at 6th with 57.09%

**Comment:** In the Women's Beach Volleyball, it was of course Shoprite all the way.

[Tatler Reporter 05/08/12](#)

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## MANUFACTURERS AND SERVICE PROVIDERS

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### Tiger Brands

#### Can they win it? Yes, they can!

Again with the Sunday Times Top Brands survey, Tiger Brands' beloved canned food range Koo came out as best of the best, narrowly pipping Coca Cola into second. Other down-home grocery brands performed equally well, with Unilever's Rama in third at 93.59%, their Sunlight in 6th with 85.80%, Tastic in 7th with 85.65%, Lucky Star at 8th with 85.25% and Handy Andy with 84.93% in 9th. Koo attributes their success not only to their unassailable market share but also to the affection in which they're held even by non-users.

**Comment:** The preponderance of those non-glam, household standards shows where the hearts and wallets of SA's punters truly lie.

[Tatler Reporter 05/08/12](#)

### Pannar

#### The seeds of discontent

PAN 6Q-445B, PAN 5Q-433B, PAN 6Q-308B, and PAN 6Q-508R, as we are pretty sure you don't know, are hybrid maize seeds produced by Pannar, a local producer of hybrid maize seeds. The latter two, you will be further illuminated to know, are ultra early germinators, especially under irrigation. And all of them will be owned in part by multinational giant Pioneer Hi-Bred, itself owned by DuPont, should a merger between the businesses go ahead as envisaged. This, says various interested parties, would cause a 12% hike in the cost of hybrid maize, and expose South African agriculture to an unhealthy Du Pont/Monsanto duopoly. Stuff and nonsense, say Panar, who argue that the efficiencies achieved by the merger would offset any increase in prices to farmers.

**Comment:** Trouble in the heartland, as maize internationally reels from the effects of climate change. And trouble, anytime now, at the tillpoint.

[IOL 06/08/12](#)

### Mobile

#### A proud warrior tradition

Here's a number for you: according to mobile ad network InMobi Africa, 55% of shoppers are influenced by information they receive over their mobile devices when buying groceries. Here's another: 49% of cell-savvy shoppers say that the information they receive through the ether about sales and promotions is the information they find most valuable. And here's a third, difficult to verify but compelling if it's true: 20% of shoppers surveyed said they use their mobile phones while shopping at street traders, to compare prices between traders, to check availability with major retailers, or to get ingredients for products. Such people, reports trend guru Dion Chang with the characteristic breathlessness of the profession, are mobile warriors, who harness their devices in the service of their purchasing decisions.

**Comment:** Storm the ramparts! Make deep cuts! Leave no BOGOF standing!

[Finweek 09/08/12](#)

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## TRADE ENVIRONMENT

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### Exports

#### Tidings of some import

Pay close attention; things are about to get economical. South Africa's trade deficit has been in negative territory for six straight months, although June's figure (R5.7billion) was noticeably better than May's (R8.9billion). And while exports were up for the first six to the tune of 6.7% compared with last year, this was offset by the 21.4% increase in imports. And if there was any doubt that crunchtime in the Eurozone was having an effect on us down south, exports to that troubled region were down 7.3% month-on-month and 10% year-on-year in June. While China remains our biggest trading partner, Europe as a whole accounts for more of our exports. If you're looking for a silver lining, closer to home is where we draw your attention: Africa now consumes 18% of our exports, and exports were up 21.75% for the year to date.

**Comment:** With manufacturing floundering even in Germany, demand from the Eurozone is not about to recover anytime soon. And our relative insulation from the troubles over there has ended.

[The Times 05/08/12](#)

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## IN BRIEF

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### Convenience

#### Handy

According to our oppos over at UK-based researcher IGD, sales from convenience stores are predicted to grow 29% to reach £44bn by 2017. A big driver of this is the new propensity of the English punter to shop 'little and often', with 49% of them doing their grocery shopping three or more times a week, compared to 39% in 2009.

[Supermarket.co.za 30/07/12](#)

## Household Debt

### Payback time

The South African consumer lacks the appetite for debt they once had back in the heady days of the consumer boom which some of our older readers might remember. According to Mrs Doubtfire's industrious gnomes over at the Reserve Bank, growth in the demand for credit by households increased by a modest 7.7% YOY in June, up from 7.4% in May. They are using the low interest rate we are currently enjoying to service debt rather than watching the Olympics on flat screen televisions they cannot afford.

[Business Day 31/07/12](#)

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## TRADE INTELLIGENCE

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### 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.

### Key Outcomes

Delegates will emerge with:

- A thorough understanding of the SA consumer goods landscape and the socio-economic factors impacting retail performance
- Global and local shopper trends and impact on retail strategy
- An in-depth understanding of the major players, their strategic imperatives and resulting expectations of suppliers
- An understanding of channel (including online and digital), chain and new format developments
- A wealth of inspiration regarding shopper engagement and activation at the point of purchase

Programme	Date	Venue	City
My Customer 2.0	28 & 29 August	Southern Sun Hotel, Newlands	Cape Town
My Customer 2.0	12 & 13 September	Pick n Pay Institute, Fourways	Johannesburg
My Customer 2.0	23 & 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 [linda@tradeintelligence.co.za](mailto:linda@tradeintelligence.co.za)

### THE WEEKLY GURU

“There is no gilding of setting sun or **glamour** of poetry to light up the ferocious and endless toil of the farmers' wives.”

Hamlin Garland

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