



14 February 2014

According to the World Bank, we need to get our export act together if we wish to create jobs, grow our economy, and just generally compete. Or, we could carry on with business as usual, pointing out the logs in each other's eyes and scrapping with each other rather than trying to perform in the world for the benefit of everyone back home. Enjoy the read.

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## RETAILERS AND WHOLESALERS

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### Shoprite

#### Eating humby pie?

In its ongoing effort to practice loyalty without ever uttering the word, perhaps, Shoprite has engaged with the dangerously under-capitalised dunnhumby to apply their customer centricity solutions across grocery business. According to the bumpf, dunnhumby, a leading customer science company, will work closely with the retailer to segment and engage with customers of its more than 1000 grocery retail outlets across Africa more effectively. This will include using Shoprite's own data to better understand customers and improve the in-store experience, focusing, by the sound of things, on better understanding the spending patterns of the consumer segments who shop at Shoprite's various retail brands and formats.

**Comment:** Will a branded loyalty programme ensue? Shoprite themselves are unlikely to tell us just at the moment...

[Bizcommunity 06/02/14](#)

### Walmart

#### Stamping out profits

"What's up with Walmart?" we hear you ask, and this time you may have a point. The Big Feller, you see, has cut its quarterly profit outlook, predicting growth that will be flat at best, on a triple whammy of confounding variables – the restructuring of its Sam's Club unit in the US, the closure of its stores in Brazil and China, and last but not least, the travails of its poorer punter. An estimated 20% of Walmart customers, you see, rely on food stamps for their daily bread, and last year the US Government cut the programme by \$5billion, with further cuts expected this year. Also at issue is the emergence of competition, from German discounter Aldi, to Amazon which delivers the big box to your doorstep, to the uniquely American institution of dollar stores, enjoying a new popularity in these straitened times.

**Comment:** Lessons for us back here in the RS of A, no doubt.

[Business Day 03/02/2014](#)

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## MANUFACTURERS AND SERVICE PROVIDERS

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### Clover

#### The milk of human kindness

"Staggering" is how even some of the more sober-minded analysts have described the Clover update ahead of its annual results, and for once we're inclined to agree with them. If you happened to snaffle up a couple of shares when they restructured, say, or announced the advent of project Cielo Blu, you would be looking at headline earnings of 82-92% in the near future, which is what we call a result. According to Clover, the savings achieved by Cielo Blu and other initiatives have played a part, but so too have exchange-rate profits in some of its African subsidiaries on the weakening of the dear old ZAR. Price increases have also helped, as have the non-recurrence of heavy marketing costs associated with the launch of new products early last year. So don't expect this largesse to be repeated anytime soon, is the message.

**Comment:** But still. Clover, which used to drop off a couple of stout bottles of the good stuff on our stoep every morning, has turned into an innovative industry leader. Nice one.

[Business Day 10/02/14](#)

### Astral Foods

## Ad astra per pullo

After last year's shocking drop of 82%, Astral Foods is looking a little more sanguine this year, predicting a 20% increase in headline earnings per share (HEPS) for the six months to March. But lest ye get too excited, Astral themselves are attributing the rise to the low base off which it comes. Things are still hellish out there, they say: maize prices are still high, disposable income is still declining and imported chicken is swaggering through our local coffin fridges with an offensively Latin swing of the hips, swish of the cape and curl of the moustache. On the upside, they would have enjoyed the new protective tariffs which the government brought into play in September, as well as the traditional merry festive upswing.

**Comment:** And come to think of it, wouldn't Swish of the Cape be a great name for a bar on Camps Bay? It's yours if you want it.

[Business Day 05/02/14](#)

## Coca Cola

### More brown, less fizz

In order to refresh the flagging sales of the brown fizzy stuff, Coca Cola are thinking of reviving their original recipe, which came with a gram or so of the old Bolivia marching powder in each ... just kidding, that of course was just an urban legend. What they're really doing is this: buying a 10% stake in Green Mountain Coffee Roasters for \$1.25billion in order to figure out a way of making cold single-shot coffee beverages using the Keurig pod system - as far as we can tell, although Coke are being understandably cagey about it. As Coke's core sales have been whittled away by iced coffees, energy drinks and even home systems like Sodastream, they have branched into some interesting areas through acquisition. Recent purchases include Honest Tea organic beverages and Zico coconut water.

**Comment:** Despite its enormous size, Coke retains a lean and hungry mindset that has seen it weather the vagaries of both hard times and competition over the decades.

[Business day 07/02/14](#)

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## TRADE ENVIRONMENT

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### Exports

#### World Bank? A rather presumptuous title

According to our friends over at the World Bank, South Africa needs to up its game when it comes to the old export base, in order they say, to boost economic growth and create jobs, particularly in the manufacturing sector. Last year, total exports grew just 0.6%, as the rest of the BRICS pretty much went ballistic. In other export-related news, the EU having kicked up something of a stink about it last year, is now supportive of our decision to ditch bilateral investment treaties it had agreed with EU members. Now the EU is emulating our example and trying to include strict constraints on investors' ability to take legal action against governments as part of their new trade deal with the USA, which means national interests may be held hostage by the competing needs or preferences of the private sector.

**Comment:** OK, we understood about half of that ourselves. But let's start with boosting the exports, OK, then maybe nailing the trade deals.

[IOL, Business Day 05/02/14](#)

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## IN BRIEF

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### Food Lovers Market

#### Is it strictly necessary...oh shut up.

"Ay, Brent Lidque shot for the Neknomination inspiration ay. I'm downing a pint of Jaeger bombs and donating R5000 a week in fresh produce for the next year to Kos Vir Skole, which feeds 1096 hungry lighties every day. Pick n Pay and Shopart, we nominating you ay, let's see what you got okes" etc.

[Tatler Reporter 11/02/14](#)

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## Training & Seminars

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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
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- 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	18 & 19 February 2014	TBC	CPT

FOR MORE INFORMATION ABOUT THIS COURSE, contact Thule Ncayiyana on (031) 303 2803 or email [thule@tradeintelligence.co.za](mailto:thule@tradeintelligence.co.za)

## THE WEEKLY GURU

“When you blame others, you give up your power to change.”

Dr. Robert Anthony

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