



28 January 2015

Gwede Mantashe's response to the pandemic of violence against foreign traders in Gauteng these past weeks is to suggest bringing back the street committees, and tightening up immigration laws, in order, he bumbles further, to prevent the likes of Al Qaeda and Boko Haram sneaking in. And, presumably, opening stores in Soweto. Please. Enjoy the read.

RETAILERS AND WHOLESALERS

SPAR

Begorrah!

We're not sure that anyone has said the word "Begorrah!" in Ireland in the last fifty years, or even before that come to think of it, but it seemed an appropriate response to the news that the BWG Group, 80% of which was recently acquired by SPAR South Africa, has just forked over €23million for a trading group which will add 200 stores to its footprint in the Emerald Isle. ADM Londis owns the Londis retail brand, which as far as we can tell runs much like SPAR does, overseeing a network of owner-operators, who generated sales of €195m in 2013. BWG itself turned over €1.2bn that year, mostly from its wholesale arm. SPAR's plans for BWG include a €100m expansion of the Irish business over the next five years.

Comment: Of which this tidy little acquisition appears to be the first step.

[The Independent 24/01/15](#)

Choppies

Give them the chop

Meanwhile, in Botswana (it being a slow news week back home), Choppies has embarked on a nasty proxy war with the Botswanan Competition Authority (CA). Last year, it applied to the CA for permission to form The Choppies Buying Group, together with retailers Payless and Woodstock. The CA rejected the application on the grounds that it might result in price collusion, lessen retail competition and increase the dependency of punters on Choppies' low, low prices. It also ordered Payless and Woodstock to have "weaned themselves" off Choppies by November last year. Payless and Woodstock then took their case to the Competition Commission, which put the wind up the CA, who offered to settle with the parties out of court, and to hold the "weaning" part of their demand over until November 2017, leaving Botswanans to wonder what protections they have against corporate rapacity.

Comment: Heady stuff. It reminds us of the rollicking days before our own Competition Commission was brought low by internet pornography.

[The Gazette 22/01/15](#)

Woolworths

Paint it Black

There's nary a product in the world which Woolies wouldn't love to rip the label off of and slap a big black W on. As the Aussies of David Jones are finding to their cost, or perhaps to their ultimate profit. The Dapper One, you see, is doing exactly what it said it would do and bringing the generic joys of private label to the Antipodean punter. Woolies will be introducing Studio W, RE: jeans and undies brand JT One to David Jones later this year, but kicking off with Country Road, Witchery, Mimco and Trenergy somewhat sooner. Ultimate plans include a David Jones own brand of khaki shirts with their sleeves cut off, and hats with corks on for the flies. David Jones has always positioned itself as a "house of brands", a strategy Woolies intend to pursue, while upping their own brand offering from its current 2.5% to 20% in five years.

Comment: Good on ya Woolies. It seems to work here, why not over there?

[SMH.com 23/01/15](#)

MANUFACTURERS AND SERVICE PROVIDERS

SABMiller

The Big What If

When analysts are bored, of a Tuesday afternoon, they flick their Mont Blanc pencils idly around their finely-patina'd Louis XIV desktops and speculate about the possible acquisition of SABMiller by AB InBev, like so many schoolboys drawing laser-spewing tanks during double Afriks. Then they get on the blower to their contact in the business press.

“Have I got something for you, old boy,” they drawl. “But on the QT, you understand? You never heard it from me. Anyway, the old SAB share price: bit of a rich mix for the blood unless Anheuser Busch are sniffing around, drawn by SAB’s strength in developing markets in Africa and Latin America. In which case it might be justified. And let’s face it, SAB’s tie-with French outfit Castel doesn’t hurt either, tying up as it does the entire African market. Thought I’d let you in on the ground floor.”

Comment: This kind of story is the gift that keeps on giving, for analysts and journos alike. Not to mention the competition authorities, should this thing ever get close to happening.

[The Times 25/01/15](#)

Aspen

Liquid gold

As a next step in their relentless march to total world domination, Aspen have just acquired something called an “injectable anti-coagulant” from fellow big pharma crew Novartis, for \$142.3 bar. Mono-Embolex, as it’s known, will complement Aspen’s other big sellers in the category, Arixtra (named for the Greek Goddess of swift flowing rivers) and Fraxiparine (a name made up by copywriters) which it bought off GSK for \$700 million in 2013. Aspen’s current focus is on growing its international business, and in this endeavour, 2013 was a big year, which apart from the transactions mentioned above, saw the acquisition of an API (active pharmaceutical ingredient) manufacturing business in the Netherlands and a portfolio of 11 branded finished dose form molecules, both from MSD.

Comment: One day, we hope to be able to afford some molecules of our own.

[Moneyweb 23/01/15](#)

TRADE ENVIRONMENT

Foreign retailers

Alooter continua

Among the factors driving resentment of foreign traders in Soweto, where they have once again become victim to xenophobic attacks, is the fact that they’re just so damned good at what they do. Key to their success is the tendency to form co-operative networks which enable them to distribute risk, share rewards and generally tweak the value chain to their advantage, and to price their goods more competitively. They also open earlier and close later than locals, and seem able to adapt to the tough conditions in the areas where they trade, and where formal retailers still fear to go. This success has over the years made them victims of jealousy among the locals, who arrive to express their patriotism with hammers to break down the walls of their stores, and wheelbarrows to carry off their merchandise and possessions.

Comment: Without the services these traders provide, life in these areas would be yet more bleak. But the desperation of poor and angry people is a force with which it is sometimes difficult to reason.

[The Times 22/01/15](#)

IN BRIEF

Carlsberg

Clink, clink. Or thud, rather.

While Anheuser Busch and SABMiller conspire, or possibly don’t, to create the world’s biggest fizz, Danish brewer Carlsberg are doing something more interesting: creating biodegradable bottles – or receptacles for beverages, anyway – made out of wood fibre. They’ve made the prototypes, but anticipate that it will take three years to bring something viable to market.

[Business Day 25/01/15](#)

Things generally

The light/tunnel/train hypothesis

Bit of a quick economic roundup for you before we sign off: CPI down .5% to 5.3% for the month of December, with food inflation down .4% to 7.2%; retail shares up as economists are split on whether the SARB will cut the interest rate or not, and a falling fuel price (5.5% in December, 9.9% in Jan) puts a bit more cash in punters’ pockets. Any questions?

[Tatler Reporter 27/01/15](#)

THE WEEKLY GURU

“A poor man is like a foreigner in his own country.”

Ali ibn Abi Talib

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