



18 February 2015

Still not much from our retailers this week; it's all ad campaigns, board appointments, and 17-week trading periods, that sort of thing. If it's excitement you're after, look to the SA Economy, where come to think of it, it's single digit increases in this and 0.3% decreases in that. Still, enjoy the read, go on, have a go.

RETAILERS AND WHOLESALERS

Shoprite

Also, we challenge you to stop killing the whales, if you're killing them...

The ever-disingenuous Shoprite (look it up, look it up), in an annoyingly clever marketing ploy, have made headlines this week, by challenging rivals to pass on the savings from fuel price cuts to consumers. "But, but, that's not fair!" wail Pick n Pay. "We already did!" splutter Massmart. "Well not exactly, but we could have!" It is, in all fairness, a little tricky to prove the direct relationship between costs removed from the supply chain and specific prices on shelf, or to demonstrate that your competitors have or have not passed specific savings on to consumers, with the implication that you of course have. It is demonstrably, true, however, that Shoprite's internal food inflation hit a 13-month low of 4% in December last year.

Comment: A fact upon which the pugilistic retailer is now capitalising.

[IOL 12/03/15](#)

Woolworths

Board games

Woolworths has beefed up the board of the Aussie outfit it used to acquire David Jones – Vela Investments – with some good, honest South African talent. The new appointees include corporate adviser Patrick Allaway, David Jones acting chief financial officer John McRae, Woolworths' finance director Reeza Isaacs, and Woolworths' chief operating officer Daniel Ngumeni. Vela was established just last March for the purposes of the transaction, but Woolies obviously have more in mind for it now. Perhaps, suggest some analysts a little unkindly, they have retained it for tax purposes. Sales at David Jones rose 2% for the six months to December, although they aim to grow sales over by at least \$130 million in the next five years by upping sales of private label, selling more Country Road, increasing online sales, improving loyalty programs and consolidating sourcing and distribution systems with Country Road.

Comment: Which is what we call a roadmap.

[Smh.com](#)

Massmart

You biscuit!

The Men in Black are putting a fair whack of their money where their mouth is when it comes to supplier empowerment. To pick a case totally at random, let us consider that of Biscotto Biscuits, beneficiary of a R5million loan from Absa, for 50% of which Massmart stood guarantor. A further grant of R1.45million was provided for upgrades to the factory which proprietor Bheki Zondo acquired from the Valle family last year, and to ensure compliance with food safety standards. Biscotti now supplies to Pick n Pay, Makro and SAA inter alia, and is in further discussions with Massmart to bring Game and Cambridge onboard. And one day, maybe, Walmart partner Asda may have a little nibble too. Zondo is an alumnus of the supplier development programme Massmart runs with the Gordon Institute of Business Science.

Comment: Commendable stuff. Not to mention a pragmatic way to widen the supplier pool and keep 'em honest...

[Business Day 15/02/15](#)

MANUFACTURERS AND SERVICE PROVIDERS

Tiger Brands

The good, the bad and the mayo

The good news is that Tiger Brands grew turnover 7% over the first quarter compared with the same period last year, for a total of 8.2billions of rands. The bad news is that this growth is 3 percentage points slower than it was for the three months to December last year. This as tough trading conditions see reduced volumes here at home, where bakery volumes in particular were affected by a five-week strike in KZN and as the Nigerian Naira weakens against the dollar, exacerbating the travails of the Dangote business in that promising basket-case of a country. And the

weakening rand has also played its part, upping input prices in SA. On the upside, Tiger has had to delay the closure of its Crosse & Blackwell plant in Bellville in preparation for the planned move to Boksburg, on the back of strong demand for the tangy summer essential.

Comment: With a solid plan in place for Nigeria, and the beginnings of a consumer revival here at home, the prospects for the rest of the jolly old FY look a little more tickety-boo for the Striped One.

[Business Day 09/02/15, 11/02/15](#)

SABMiller

A little Lite discipline...

We can never resist a spat between the big boys of liquor marketing, in this case Brandhouse and SABMiller, who feel that the former's Amstel Lite packaging bears too close a resemblance to the packaging of their own Castle Lite branding. The Big Feller believes that Amstel Lite's green and silver cans and six-pack shrink wraps are designed to "render the products indistinguishable in trade" and that Amstel's use of the ghastly spelling "Lite" is also suspect. The Advertising Standards Authority, God bless its ceremonial silver ponytail, has agreed with SABMiller on this one, and has ordered Brandhouse to withdraw the offending material within three months.

Comment: Given that Amstel pioneered the classy green bottle space upon which Castle Light was designed to intrude back in the day, this is perhaps a bit rich.

[Business Day 12/02/15](#)

TRADE ENVIRONMENT

Consumer Spending

Fill up those handbaskets...

The artificially-depressed price of Brent Crude may well come back to bite us where the sun does not shine – either when it returns rapidly to more realistic levels or when it causes the oceans to rise up and the crops to fail – but for the moment it's bringing some relief to our consumers and to the businesses who serve them. This is a good thing for the dear old SA economy, which despite our stupendous wealth in natural and mineral resources, continues to prop us up inexcusably to the tune of 60%. And while lower inflation – expected to bottom out at about 3.8% this year, a stable interest rate and cheaper fuel and food prices will provide relief, this may be counterbalanced by inflation-linked wage increases and the premium we pay for the scarcity of our electricity. And if it's some thin good news you're after, the Reserve Bank may now reveal that the ratio of debt to disposable income dipped to 78.3% in the third quarter of last year, from 78.6% in the second quarter.

Comment: Leaving by our calculation .3% more to spend on impulse purchases in the snake down at Woolies.

[Business Day 10/02/15](#)

IN BRIEF

Unemployment

Paaartay!

And if it's more good news you're looking for, SA's unemployment rate ticked slightly down, to the tune of 1.1 percentage points to 24.3% for the fourth quarter of 2014. This meant that somewhere north of 240,000 people found jobs, leaving just 4.9million to go.

[Ewn.co.za 10/02/15](#)

SPAR

How green was my trading period

This SPAR numbers for you, then: group sales increased by 38.3% for the all-important 17-week trading period ended 24 January 2015 over the comparable period in 2014. Excluding the impact of the BWG Group (SPAR Ireland), Group sales in South Africa increased by 8.7%, with internally measured price inflation of 5.9%. Like-store sales grew by a pleasing 8.1%.

[Tatler Reporter 13/02/15](#)

THE WEEKLY GURU

"Blessed are the young, for they shall inherit the national debt."

Herbert Hoover

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