



11 March 2015

Nice enrolment numbers in the Smart Shopper programme there, Pick n Pay. Bet old Whitey's sweating a bit about those eh? Or maybe not. Loyalty is the big Nice-to-Have if you like that sort of thing, and might really, truly start to deliver when Big Data finally comes rolling down the aisles like an eighteen-wheeler packed to the brim with granular shopper insights. Enjoy the read.

RETAILERS AND WHOLESALERS

Pick n Pay

That's like 37 labradors on the loyalty scale

Pick n Pay's Smart Shopper programme now boasts over Eight Million Members. Say it. Eight meeeellion members. That's about 3.7million more members than Clicks's venerable and pioneering ClubCard programme, and approximately eight million more than Shoprite's own... oh, hang about...Shoprite don't... oh. According to The Big Blue itself, 65% of Pick n Pay sales and 43% of baskets come through the programme, which has rewarded shoppers with over R1billion back in points since its launch in March 2011. In the 2014 FY, Smart Shopper accounted for a 3.3% uptick in sales, arresting Pick n Pay's decline in market share, and adding 25,000 punters to its ranks every week. The big benefit of such programmes is shopper data, which helps retailers optimise their stock levels, which, you may recall, was a challenge for PnP in the bad old days before Longmeadow.

Comment: The advent of Smart Shopper may be remembered as the lynchpin of Pick n Pay's long turnaround when the annals are written.

[IOL 04/03/2014](#)

Retail Shares

Stock responses

Good news if you're a punter with investments in this great sector we call home is that retail shares have bounced back somewhat after a sketchy run last year. The general retail index on the JSE is 35% up over the past five months, rerating the sector to a PE of 21.6, its highest since 1998. The big driver for this has been the decline on the fuel price, which delivered a collective R20billion in South African pockets and inspired some of our more reckless speculators to wonder where Joe and Mrs Consumer would be spending it all. But as petroleum giveth, so taketh it away: the two most recently-announced fuel price hikes will wipe out 44% of that trove, leaving retail shares looking a little shaky. And then there's the 12.7% increase in the cost of electricity to factor in, let alone the price of measures to keep the fridges running when Eskom's down – Shoprite alone has just spent 17% more on electricity in the last six months, some of that on generators.

Comment: So while it's a good sector to be in, expect a more realistic valuation on those stocks in the nearish future, is the message from our gimlet-eyed friends, the analysts.

[Business Day 04/03/15](#), [Financial Mail 05/03/15](#)

MANUFACTURERS AND SERVICE PROVIDERS

Pioneer

Rolling in it

Joining that brave (and patchily successful) stream of businesses which have dipped a toe in the turgid waters of the Nigerian market is Pioneer, who with commendable caution have coughed up \$7million for a majority stake in local outfit Food Concepts plc. The new entity will be known as Food Concepts Pioneer (FCPL). FCPL's only asset right now is Butterfield Bakeries, which produces bread and sausage rolls. This will enable Pioneer to leverage both existing infrastructure and the recognition of an existing brand. FCPL has operations in the capital Abuja, Ibadan, Lagos and Benin City, with plans to scale these up when the JV kicks in. But perhaps the biggest draw card for Pioneer is the route to market the FCPL will provide. Currently, Pioneer distribute Ceres juices in Nigeria through a distribution agreement with New Age Beverages.

Comment: Now they have their own boots on the ground, as it were. Nice one.

[Business Day 04/03/15](#)

Aspen

Strong medicine... oh, shut up.

Well! Aspen's interims were a bit of a disappointment. Only kidding, of course they weren't: Revenue up a whacking 47% to R19billion for the six months ending in December, with operating profit up 50% to 4.3billion ronts. And HEPS were up a pleasing 27% to 539c per share. All of this on the back of growing international sales after a \$2billion spate of drug acquisitions over the past couple of years, and despite a R343million dollar foreign exchange loss caused by the ebullience of the dollar against Aspen's trading currencies. Aspen currently sells pharmaceuticals in 150 countries, and is targeting Asia for further growth right now, particularly in the form of acquisitions in attractive sectors like infant formula, anticoagulants and women's health. Among the deals Aspen has recently concluded was, of course, the one it signed with Nestlé for the licensing and distribution of its infant formula in Latin America and Southern Africa.

Comment: A hell of a business, with commanding views of the Indian Ocean too, rather than the blighted veld and warehouses of Midrand.

[Business Day 06/03/15](#)

TRADE ENVIRONMENT

Agriculture

It never rains. And we're old.

Here's something we bet you didn't know you have to worry about: senescent farmers. That's right. Ballies. And not brandishing twelve gauges and telling you to get off their land when you've taken a wrong turn to the Ficksburg Cherry Festival, either. No. Farmers getting older. That's what you have to worry about now. Farmers getting older and retiring to Fancourt, and leaving their farms. The average South African farmer, you see, is 62 years old, compared with 55 for Europe and 53 for Australia, to pick two continents out of a hat. Young people aren't entering the profession in the droves they used to. Young black farmers, in particular, are not getting the financial support they need, from the banks or the government. And the entire sector is in decline: contributing 3% of GDP in 2012, compared with 6% in 1980. So on the one hand, this could have implications for food security. On the other hand, it could mean consolidation of the sector by corporates, increasing mechanisation, and a rural labour crisis.

Comment: Take your pick.

[Tatler Reporter 03/03/15](#)

IN BRIEF

Marks & Spencer

Can't start a fire without a spark

With the departure from the Marks & Sparks board of Jan du Plessis, M&S Chairman Robert Swannell will shortly be earning his stripes on the retailer's remuneration committee. Jan du Plessis, considered one of the most powerful people in UK business and non-executive chair of Rio Tinto, is leaving to take up the position of Chairman of a little outfit called SABMiller.

[Cityam.com 04/03/15](#)

Interest Rates

We shall watch his career with considerable interest

With the inevitable rise of the fuel price from its artificial lows, and the rise of the electricity price on the back of corruption and stupidity, other things will go up, and once again, the government will reach for the bluntest tool in the box – the interest rate – to sort things out. Don't listen to us – we're extrapolating from a recent, hawkish speech by Reserve Bank deputy governor Daniel Mminele. Will the coming rate hike, whenever it comes, do a blind bit of good? Well, it worked the last time, didn't it? Didn't it?

[Business Day 05/03/15](#)

THE WEEKLY GURU

"There are only three things that can kill a farmer: lightning, rolling over in a tractor, and old age."

Bill Bryson

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