



15 August 2019

Welcome indeed to another week in this great industry we call home. It's a mixed bag, with Shoprite both up and down in Nigeria, Massmart reeling from a big management shake-up and awaiting the arrival of its new CEO, and Woolies getting real about its troubles Down Under. Plus those retail sales figures you've been waiting for, and a brand spanking new website from Ti (that's us!), which will be fully up and running by next week. Enjoy the read.

RETAILERS AND WHOLESALERS

Shoprite

Retailers without borders

Shoprite are partnering with the Nigerian Export Promotion Council (NEPC), which is sponsoring the retailer in its efforts to bring top buyers from across Africa to Nigeria for the Nigerian Food Event (NFE) 2019, where exhibitors will rub shoulders with the leading lights of the industry and showcase their products. The event will see 2,500 senior buyers in attendance and over 500 brands on display, with tasting sessions, live demonstrations, workshops and networking opportunities. In other news from Nigeria, a student organisation there has called for the expulsion of South Africans and protests at South African-owned businesses, including Shoprite, in response to the June murder in South Africa of Elizabeth Ndubuisi-Chukwu, the deputy director general of the Chartered Insurance Institute of Nigeria, which has perhaps understandably – even if inaccurately – been conflated with the recent spasm of xenophobia.

Comment: A tangled and tragic web, with repercussions far beyond the perpetrators of violence and their victims.

[IOL 11/08/19](#)

Massmart

The Slape of things to come

Ok, now we now know more about getting a South African work visa if you're a globetrotting CEO than we had ever hoped to. It turns out that has been the delay for Mitchell Slape, who in order to work in this haven of law and order has had to obtain police clearances for all of the other countries he's worked in, including India, Japan, Mexico, China, Argentina and the US. His arrival couldn't come too quickly for the retailer, which as documented last week, has conducted something of a purge of senior management – or alternatively suffered a spate of resignations – at a couple of its underperforming divisions. An anonymous analyst has said that he expects that Slape is going to move through the business like a dose of salts, and that a major change in direction should be expected, but that any turnaround – which may involve a major overhaul of the portfolio – could take two years or more.

Comment: Tough times right now, but this is going to be one of the big stories of the next two years.

[Business Times 11/08/19](#)

Woolworths

Ian a manner of speaking

Two weeks ago, or longer, we said it. Then the analysts said it. Now we're hearing it from the horse's mouth, as it were: Woolies paid too much for flailing Aussie retailer David Jones, according to no less a personage than Ian "The Professional" Moir. Best to hear it from the man himself, we reckon: "The fact it's now impaired to half the level we paid for it, of course that's disappointing, but it doesn't mean we don't still have a great business we can really do something with – it takes a lot of money to create what we've got now and we're future proofing it for the next five to 10 years," he says. "We're not trying to hold onto a business model that doesn't work; we're creating a business model that does." This involves paying an absolute shedload of money for the refurb of the flagship store in Elizabeth Street, Sydney, which will now boast a food hall on the ground floor, closing underperforming stores, and refurbing a whole bunch of other top-tier outlets.

Comment: Well good they're leading with food, anyway.

[Financial Review 08/08/19](#)

International Retailers

Supply and demands

In the UK, Tesco are drumming up support for the government to place a 2% levy for all online sales, in exchange for a 20% drop in the rate at which it levies every commercial property in the country. Retailers believe that online businesses have a huge advantage as their largely rural DCs enjoy rates way lower than those charged on expensive high street stores. In other Tesco news, they've announced job cuts of 4,500 in addition to the recent 9,000 jobs lost as they struggle to bring costs under control. These cuts will mainly happen in their Metro stores. In the US and indeed everywhere, Amazon are putting the squeeze on suppliers whose products are more favourably priced on rival sites, alerting these suppliers, then making their products more difficult to find on the Amazon site, which often leads them to hike prices for rival online retailers. Let's hear it from a spokes-algorithm over at Amazon:

“One or more of your offers is currently ineligible for being a featured offer on the product detail page because those items are priced higher on Amazon than at other retailers.”

Comment: Gone are the days, it seems, when all it took to get your product listed was a nice long lunch and a brand new set of golf clubs for the buyer.

[Tatler Reporter 13/08/19](#)

MANUFACTURERS AND SERVICE PROVIDERS

Sea Harvest

Big fish

After a bunch of iffy trading updates last week, here's quite a nice one: Sea Harvest expect their earnings to increase by at least an (oddly specific) 59% to R177m for the six months through June, up from R111m last year. HEPS, they say – as a solid measure of profitability – is likely to rise by anything from 29 to 38%. And speaking of shares, which, obliquely, we were, the weighted average number of shares in issue for the six months increased to 277-odd million compared with 240 million last year. This on the back of the acquisition of the fishing businesses of Viking Group last July (for the consideration of R885m) and of Ladismith Cheese. Sea Harvest, you will recall, is owned to the tune of 54.9% by Brimstone Investments, who must be feeling pretty chuffed about now.

Comment: South Africa's fishing businesses are by and large an impressive bunch – empowered, well-regulated and profitable.

[IOL 06/08/19](#)

CHEP

Unusual on the pallet

At any given second – roll your head around this for a bit – there are around 300 million CHEP pallets in motion around this blue and green marble we call home. It's an unimaginably massive logistics operation, yes, but also an order of magnitude most businesses can only dream of. Circularity – the constant re-use of assets – is baked into CHEP's DNA. And now they're taking this philosophy to the next level with a program called 'Zero Waste World', a three-pronged approach, which eliminates waste from single-use packaging to unsaleable products, helps rival businesses team up to share transport miles, and improves traceability in the supply chain, based on the idea that if you can trace a pallet – as CHEP with its insane degree of pallet-level data does – you can track the products on it. The great thing about the program is that while its environmental benefits are real and immediate, it's also good business – for CHEP and its customers alike.

Comment: CHEP positions itself as a neutral actor in the supply chain, there to eliminate waste and cost, to the benefit of everyone.

[Greenbiz.com 09/08/19](#)

TRADE ENVIRONMENT

Retail Trade Sales

Saling, we are saling...

OK this was worth holding the hulking old Tatler presses for: retail trade sales were up a pleasing +2.4% YoY for the merry month of June, +0.3% MoM, and 1.1% up from Q1. Finally, the quarterly number showed a +2.4% YoY increase. Big contributors were “all other” retailers at 5.7%, furniture retailers (5.2%) and clothing retailers (4.8%), who also, as we think you know, have a side-line in leather goods. What of this great industry we call home? Sadly, we were -0.1% down YoY, while our cousins in pharmacy and cosmetics grew sales only +1.5%. We're not entirely sure what this means right now given some decent results and interims lately, and will consult with pundits for a more nuanced view in the days to come. But SA's current economic woes have been slower to reach our industry than others, and perhaps we're coming down off a higher base.

Comment: Still. Could do better, that sector. Although good news overall.

[Tatler Reporter 14/08/19](#)

THE WEEKLY GURU

“It took less time to build 'Instagram' than it did for me to get my work visa.”

Mike Krieger

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