



02 July 2020

Johannesburg is big, and Cape Town is pretty, but some of South Africa's most exciting and innovative businesses began life in Durban. Witness the Fry Family Food Co, maker of meat substitute products for 30 years, and now at the epicentre of an industry positioned for explosive, planet-saving growth. And Game, 50 years old this week, not without its challenges, but still a retail pioneer. Enjoy the read.

RETAILERS AND WHOLESALERS

COVID Catch-up

A meety undertaking

Shoprite have – get your head around this – around 2,400 scheduled virtual meetings every day and since lockdown started, have tallied a total of 135,874 informal online meetings. Within three days of lockdown, they had 2,000 staff working offsite; currently 3,700 staff dial in to meetings virtually, with all that this means for their IT and cyber-security infrastructure. Pick n Pay, concerned by the impact of the rising price of staples on their shoppers, have put aside R500m this year to keep prices of essentials and basic foods, including various commodity lines, at an affordable level. SPAR have sadly taken the decision to cancel their entire six-race series of the SPAR Women's Challenge, an iconic highlight of the local road-running calendar. They'll be back with a bang next year, though. "SPAR plans to celebrate the country's return to competitive and social road running in a big way," says Group Marketing Executive Mike Prentice. "We owe it to both our elite runners and the tens of thousands of women who turn up to run and walk the 5km and 10km events faithfully each year."

Comment: Here's a new one out of the Shoprite playbook: take your operating profit, divide it by your now exactly-measurable number of meetings, then plan your new efficiency drive accordingly.

[Tatler Reporter 30/06/20](#)

Massmart

Pretty in pink

Game is 50 years old, which for retail journalists of a certain age is an extremely sobering thought. Journalists who as a young lad walked the gloomy splendour of the first Brickhill Road store as their mother marvelled at the cheapness of everything, for example. Fifty years later, and the brand has 150 stores on the continent, success that the brand's VP of marketing, Katherine Madley, attributes to flexibility. "As consumer behaviour has changed and evolved, the Game brand has undergone constant reforms and innovations to ensure it remains relevant in the minds of consumers and in line with their needs," she explains. It's this approach which has shepherded brand loyalists through seven recessions, and with the assistance of a 2019 brand refresh should see them through the current unpleasantness, positioning its deals and bundles as the perfect solution to their problems.

Comment: An icon of the trade. Veels geluk!

[Tatler Reporter 30/06/20](#)

Informal Retail

Smart casual

The Small Business Development department has formalised over 2,000 informal retailers over the COVID-19 pandemic, with 4,400 plus applications pending. These businesses will continue to receive assistance for the next one to two years through a programme that will help them to get business support, business management and financial management resources and access to the market. One of the great benefits of formalisation – at least theoretically – is that it enables businesses to gain access to credit, essential in times like these. Business for South Africa (B4SA), in the meantime, is providing informal retailers and other businesses with a set of handy Return to Work resources to help them operate within the new COVID-era requirements for health and safety. They offer businesses a safe, effective and structured return to work plan, with mandatory and recommended guidelines for the workplace and daily business operations.

Comment: It's too early to tell if the pandemic will bring us lasting benefits. But if it does, one of them could be the attention it has focused on this embattled but vital part of South Africa's economy.

[BizCommunity 24/06/20](#)

International Retailers

The pinstripes are restless

Tesco, you may recall, pulled a nifty little trick on the shareholders recently, removing rival Ocado's exploding stock price from an index against which it measured the performance of its own share, thus turning a -4.2% underperformance into a 3.3% outperformance, and making the argument for a whacking bonus of management. A bonus against which two-thirds of punters at last week's AGM emphatically voted. Take that. In the meantime, the business has reported an +8.7% rise in Q1 retail food sales with the closing of bars and restaurants, although wholesale subsidiary Booker took a predictable hit. Oom Christo Wiese's Pepco, owner of the UK's Poundland chain, reported profit before tax for the five months to end February up +21.8%, but down -16% for the half year to end March, as stark an indicator of the ravages of the coronavirus as we've seen.

Comment: A rebellious spirit is abroad in the world, and it looks like the punters have caught it too.
Tatler Reporter 29/06/20

MANUFACTURERS AND SERVICE PROVIDERS

Fry Family Food Co

Capital gains

We mentioned with some excitement a couple months back that iconic Durban meat-substitute crowd Fry's had been acquired by the New York, and Zurich, based LIVEKINDLY Co. What we neglected to report was the scale of the new parent's plans for the brand. First up, an R80m to R90m expansion of the factory, to meet expected demands, as the business grows 10 or even 20 times larger than it is. And this prediction by LIVEKINDLY (all caps) CEO Kees Kruythoff, ex of Unilever South Africa, is hardly overblown: sales grew +75% in March, +103% in April and +59% in May. In a recession, in a pandemic. Part of LIVEKINDLY's plans for the local market are to partner with RCL FOODS to bring meat-substitute products into the local fast-food sector, a trend that is exploding globally.

Comment: A truly amazing development in a country which needs this sort of business growth, and an industry which we all need to succeed if the planet is going to make it much past the next 50 years or so.

Business Day 28/06/20

AVI

Many rivers to cross

Anglovaal Industries Limited (AVI) are not particularly sanguine about their prospects for the FY just passing as we speak. While their snack portfolio, home to such brands as Bakers, Provita and Willards, has seen increased demand from newly-housebound pantry-plunderers, its fashion business, populated by such inexplicable denizens as A&D Spitz and Green Cross, has proved something of a drag, causing AVI to issue a profit warning to the tune of -7% to -12% for the year through June. Coffee brands Ciro and Lavazza have also taken a hit, dependent as they are on the hospitality and conferencing trades, and I&J saw both catch and production decline as their Western Cape workforce sickened or was quarantined by the pandemic, and exports slow down by congestion at Cape Town harbour.

Comment: A fascinating, and of course disturbing, picture of the many ways – good and bad – that an event like this can affect a successful, well-run and prudently-diversified business.

Business Day 25/06/20

TRADE ENVIRONMENT

Retail Trade Sales

Rough trade

Elsewhere in the economy the news is far from good – ballooning debt, rapacious creditors and sceptical ratings agencies, record unemployment, and a projected reduction of -7.2% in GDP for the year. These we will deal with as their impacts unfold. But let's focus for a moment on one tiny bright spot not unrelated to this great industry we call home: retail trade sales, which ticked up to the tune of +2.7% for the month of March, tracking the panic-buying spree that swept the Beloved Country before lockdown, and beating the predictions of an entire assumption of economists that growth would be closer to +1.9%. General dealers were the biggest contributors, roaring in at +11.6% and adding 5.2 percentage points to the total. Retailers in pharmaceuticals and medical goods, cosmetics and toiletries absolutely shot the lights out at +13.9%, while our own sector, represented by food, beverages and tobacco retailers squeaked in at just +0.1%. And pity the poor textiles and clothing retailers, declining by -14.3%.

Comment: The coronavirus, giving with one hand, and taking with eight.

Tatler Reporter 30/06/20

THE WEEKLY GURU

“When the world is running down, you make the best of what's still around.”

Sting

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