



23 July 2020

Welcome to another week in the hard row we're all currently having to hoe right now. Some relief was provided last weekend by our annual 67 minutes of good work and contemplation on Mandela Day, during which many of our retailers stepped up once again to their humanitarian duty. Enjoy the read.

---

## RETAILERS AND WHOLESALERS

---

### Mandela Day Catch-up

#### Long walk to freedom from hunger

On Nelson Mandela International Day, in partnership with the Nelson Mandela Foundation, the Imbumba Foundation and the Kolisi Foundation, Boxer Superstores and Pick n Pay launched the 'Each1 Feed1' digital voucher in Potchefstroom, North West province. The vouchers are a means of providing families in need with sustenance according to their requirements, replacing physical food parcels, which are harder to distribute and more prescriptive. Pick n Pay ran a Feed the Nation campaign which matched all customer cash donations made at till points on Mandela Day, replacing its annual Mandela Day Food Drive that could not be held for obvious reasons. The proceeds went to Joint Aid Management (JAM), SA Harvest and Afrika Tikkun. A little unrelated, but having raised R1.7m for its in-store Act for Change Fund, Shoprite is making it easier for shoppers to support local communities with the funds collected going to vetted beneficiary organisations involved in COVID-19 relief efforts in the province where the donation was made.

**Comment:** The numbers are not necessarily massive. But the infrastructure developed in recent months by retailers for getting supplies to where they are most needed is truly impressive.

[Tatler Reporter 20/07/20](#)

### Woolworths

#### In the bag

At last, a Woolies story which does not necessitate a reference to Australia. Anyway, continuing its Good Business Journey, which has become quite the epic peregrination, or even odyssey, The Dapper One has announced further achievements in plastic reduction, in celebration of Plastic Free July. For starters, they are trailing three different types of paper packaging for online orders, which have typically needed extra plastic packaging to protect them in transit. They've also started a durability trial on their cardboard and recyclable shrink wrap packaging for their famous but fragile 'ripe and ready' avos. Finally, they're shortly to begin rollout of their innovative Fashion Beauty & Home paper bags, which are approved by the Forest Stewardship Council (FSC). The Bags are locally made by a supplier development beneficiary and sourced from the same mill where Woolworths sends its recyclable cardboard and paper, adding a pleasing circularity to the process.

**Comment:** At a time like this, with everything on hold or in retrograde, it's encouraging to know that progress is still both possible and prized.

[Supermarket.co.za 20/07/20](#)

### Bits and pieces

#### Just ginger?

A stern rebuke from the Competition Commission this week for Food Lover's Market for the rapacious pricing at one of its stores of its stock of raw ginger, now considered an essential item. Food Lover's has been ordered to make a donation of essential goods to the Mohlakeng Old Age Home in Randfontein as a penalty. Dis-Chem did not escape so lightly, with the Competition Tribunal slapping it with a R1.2m fine after charging too much for face masks in March, when those items were at something of a premium. And so to Massmart, with some good news: the business is opening its first Builders store in East Africa in the Waterfront Karen Mall in Nairobi at the end of August. Opportune moment for a check-in: Rest of Africa sales last year comprised 9% of the Group total of R93.7bn, and the Massbuild division contained 118 stores.

**Comment:** And there you have it. Don't stockpile that ginger now.

[Tatler Reporter 20/07/20](#)

### International Retailers

#### Mask on... check!

Over in the US, sense seems finally to be prevailing here and there – notably in our own great industry, where over a dozen major retailers, including Target, Walmart and Kroger, are requiring that punters wear masks in 46,000 stores nationwide. Walmart, famously, enforces no other dress code. Over in the UK, Tesco have teamed up with Loop, "a zero-waste shopping platform offering a host of everyday products in reusable refillable packaging" to offer a range of 150 such products for order online, with a deposit that is refunded when the packaging is returned. The packaging can currently be returned at least 10 times; the ultimate goal is 100. Also in England (and also pertaining to Walmart) a major court battle is looming between 15,000 mostly female Asda store workers who are bringing a discrimination case against the retailer for pay equal to that of mostly male warehouse workers. If successful, this will cost Asda somewhere in the region of £8bn.

**Comment:** A case very much of its time, both in terms of gender equity and the importance of frontline workers, newly valued as essential.

Tatler Reporter 20/07/20

---

## MANUFACTURERS AND SERVICE PROVIDERS

---

### Quantum Foods

#### Chicken pieces

A busy time for Quantum Foods, with brisk trading in its shares and (presumably) in the chickens and eggs for which it is more traditionally known. In June, you will recall, Zeder Investments offloaded its 31% stake in the business to fast food player Country Bird Holdings (CBH). Then last week, competitor Astral Foods snuck in and took a 6.42% stake in the business, saying that it wished to protect its supply of broilers from Quantum from possible takeover by other parties. These “other parties”, as it turned out, were Silverlands II, an investment fund out of Luxembourg, which last Friday acquired a 32% stake in Quantum from various institutional shareholders. The big question now is whether Astral wants to extend its stake in the business. For its part, CBH has said it is not interested in a bidding war for control of Quantum.

**Comment:** An Astral/Quantum matchup would see the rise of a new African behemoth in poultry, a fact which must surely not have escaped the notice of investors across the spectrum.

Business Day 14/07/20, Financial Mail 16/07/20

### Odds and Ends

#### Logging out

In a move that is decades overdue but no less welcome for that, Beiersdorf has announced that its Elastoplast brand will shortly be launching a line of plasters that better reflect the rich diversity of the Beloved Country’s range of skin tones. Tiger Brands has snaffled up Deepa Sita, current vice-president for integration and strategy at Massmart Wholesale, and will deploy her as CFO, taking over from placeholder Pamela Padayachee. And Nestlé have announced that Chocolate Log, a foodstuff beloved by many, will be discontinued as part of their effort to rationalize the range, which saw the demise of Tempo in 2017, and Milky Bar Double, Bar One Peanut, Milky Bar Peanut as of August. They will be adding KitKat Chunky Salted Caramel and Nestlé Chunky White to the mix, if that’s any comfort. And speaking of snackage, in the interests of a smooth segue, PepsiCo have let it be known that they’re doing alright over the pandemic as punters turn to foods like Tostitos, Fritos and Cheetos to assuage their anxiety.

**Comment:** What kind of world is it where we cannot even look forward to another Chocolate Log at some unspecified time in our future. We weren’t going to rush out and buy one tomorrow, but it was always comforting to know that we could if we wanted to.

Tatler Reporter 20/07/20

---

## TRADE ENVIRONMENT

---

### Inflation

#### A reserved approach

The Consumer Price Index (CPI), that theoretical basket of goods against which we measure the overall increase of prices in the economy, rose just +2.1% for the month of May, the lowest it’s been since September 2004 and its first drop below the 3-6% targeted range in that period. The fuel price drop of April was substantially responsible, coming in at -27% less than last year, while the price of food ticked up slightly from 4.6% to 4.8%. What does this mean for the interest rate, come the Reserve Bank’s next deliberations on the subject? A tough call, apparently. There is scope for cuts of up to 75 basis points (bps), but the more likely scenario is a characteristically cautious 25bps to 3.5%. The Bank predicts that inflation will come in at under 3% for the second and third quarters, with GDP declining by -7% for the year.

**Comment:** A rock and hard place for the dear old SARB, where a rate cut is no longer the powerful instrument it once was in the face of privation.

IOL 15/07/20

## THE WEEKLY GURU

“Nothing is as alluring as a piece of chocolate you can’t have.”

Nina Sandmann

For further information:

[www.tradeintelligence.co.za](http://www.tradeintelligence.co.za) | [info@tradeintelligence.co.za](mailto:info@tradeintelligence.co.za)

Editorial:

Nick Paul: [nick@tradeintelligence.co.za](mailto:nick@tradeintelligence.co.za)

Advertising Sales:

[info@tradeintelligence.co.za](mailto:info@tradeintelligence.co.za)