



27 August 2020

Welcome, then, to another edgy week in the fiscus, where investment officers issue dire warnings, where the merest hint of prohibitions causes traffic jams at the nearest TOPS, and where... well frankly, it's not all bad. A great global initiative from Unilever, cool companies, and an entertaining scrap in the poultry industry. Enjoy the read.

RETAILERS AND WHOLESALERS

COVID Catch-up

Admissions policy

So Dis-Chem has decided to do the right thing and pay its R1.2m admission of guilt fine for excessive face-mask pricing back in March, a fair bit less than the 10% of annual turnover (that's over R2bn) the Competition Commission was asking for. Dis-Chem's withdrawal, said the retailer, "was based on a strategic assessment to focus on trading in an environment, which remains challenged". But also that it was "informed by the justifiable anger at procurement abuses during the provision of PPE at taxpayers' expense." Liquor retailers across the board reported that stores were not thronging with the thirsty as expected after last week's lifting of the prohibition, possibly as cash-strapped consumers opted to crack open the old stockpile instead. But hell's bells, different story on Tuesday on the rumour that Uncle Cyril was going to shut it all down again. And the smokers were out in full force on the lifting of the ban, with many of them unable to buy their preferred poison as, for reasons obscure, retailers were still waiting for deliveries.

Comment: For categories which practically sell themselves, times have been particularly tough for liquor and tobacco.

[Tatler Reporter 26/08/20](#)

Retail Awards

Cool Points

Where my Next Gen be at? Lemme hear you say yoo-ooah! Yo, yo, yoh! Best place to go for that sort of info, it turns out, is to the Sunday Times Next Gen Awards, Gen being short for Generation. And this year, guess who is the 'Coolest Specialist Health and Beauty Store'? Gaaaaaagh! Wrong! It's Clicks, valued by hip young punters for its venerable ClubCard loyalty programme, its first 'loyalty-within-loyalty' benefit with eBucks in April this year, and its continued focus, according to CEO Vikesh Ramsunder, on convenience and value. Plus, unicorns have made a comeback in recent years. 'Coolest Petrol Station', to the extent that petrol stations are in fact cool? That would be Engen, which perhaps not coincidentally has a tie in with ClubCard as exclusive fuel partner, and which serves South Africans aged 8 to 23 and young professionals aged 25 to 30 years through innovation, service, and Krispy Kreme doughnuts.

Comment: 24 year olds are apparently just a touch too cool for this sort of lark.

[Tatler Reporter 26/08/20](#)

International Retailers

Losing its spark

Marks & Spencer, the inspiration and in some convoluted way a little more than that for our very own Woolies, is having a rough go of it over in the UK, with home and clothing sales down -39% in the last 13 weeks, and with plans to cut 7,000 jobs as a result. Food sales were up +2.5%, hardly enough to offset the carnage. It will also be closing at least 100 stores by year-end. And speaking of carnage, over in the US hardly a week goes by without a clothing retailer or denim brand going belly up. Are Walmart, Target and Amazon concerned? Are they... heck. They've all benefited from the closure of 'non-essential' businesses during whatever shutdowns the US have managed to cobble together over COVID-19. Walmart's like-store sales have grown +9% over the pandemic, Target's are up +10.9%. And don't get us started on online.

Comment: Essential goods and services and online sales: those are the key for any business, in any sector, at any scale, in our new reality.

[Tatler Reporter 26/08/20](#)

MANUFACTURERS AND SERVICE PROVIDERS

Unilever

Slippery customers

Palm oil is our industry's dirty little secret, an ingredient that is used in everything, and that causes the wholesale destruction of millions of acres of tropical forests. And by everything, we mean shampoo, noodles, pizza dough, lipstick, ice cream, detergent, bread, biodiesel, soap and pretty much everything in between. It's currently indispensable, and the only hope for ethical businesses is to source it from sustainable, forest-friendly plantations. The problem there is that the stuff is hard to trace, so there's never any real certainty about where it has come from.

Enter Unilever, which is testing a cell phone geolocation data network to track palm oil over thousands of supply chains to determine where it originated. Digging under the bonnet a little, the tech will be enabled by Orbital Insight, which will use a combination of geo-fencing, anonymous mobile data and satellite imagery to monitor movement of trucks and

their deliveries, and to identify any deforestation that has taken place in the past, or recently, at suppliers' sites.

Comment: Spooky, but commendable.

[Business Day 18/08/20](#)

Country Bird Holdings

A fox in the henhouse

Country Bird Holdings has been on a bit of a tear, buying a 30.81% chunk of rival Quantum Foods just a little while back, and buying outright Tiger Brands' Enterprise processed meat unit just last week. It's the former, though, that concerns us here. With its newly minted share certificates in hand, CBH called for a shareholders' meeting to get its nominee rightfully elected to the Quantum board. "Not so fast," say Quantum's lawyers, instructed by the client that the CBH takeover was to be viewed as hostile until further notice. "Your nominee's not qualified." And there the matter currently stands. In the meantime, everyone's been piling into Quantum: Silverlands out of Europe, to the tune of 31.05%, other rival Astral Foods at almost 10%, and, presumably sensing a good thing, chair André Hanekom and CEO Hennie Lourens, who have both increased their holdings. And word on the street is that parties friendly to Quantum hold 51% of voting shares.

Comment: *CoughSilverlandscough*

[Financial Mail 20/08/20](#)

TRADE ENVIRONMENT

The Economy

Five alarm fire

One thing it seems we won't have to worry about just yet is the risk of deflation: according to the hoary sages at StatsSA, consumer price inflation (CPI) jumped to 3.1% YoY for the month of July from 2.2% in June. This places it within, if not comfortably so, the Government's targeted band of 3-6%. In May, you will recall, inflation hit a 16-year low of 2.1% on the back of softer fuel prices and the economic toll exacted by COVID-19. It's less deflationary fuel prices that take the credit rather than a recovery in consumer spending, say the economists. In the meantime, all sorts of luminaries are sounding alarms about where the economy is headed, from new Allan Gray investment chief Duncan Artus, who believes we're currently on a path that leads us cap in hand to the IMF, to Reserve Bank Governor Lesetja Kganyago, who believes that South Africa should implement its National Development Plan rather than draft a new strategy to revive an economy forecast to contract the most in almost nine decades.

Comment: The one thing we still have is leaders – not all – with the ability to look clear eyed upon that which ails us. It's time to listen to them.

[Tatler Reporter 26/08/20](#)

THE WEEKLY GURU

"There are essentially only two drugs that Western civilization tolerates: Caffeine from Monday to Friday to energize you enough to make you a productive member of society, and alcohol from Friday to Monday to keep you too stupid to figure out the prison that you are living in."

Bill Hicks

For further information:

www.tradeintelligence.co.za | info@tradeintelligence.co.za

Editorial:

Nick Paul: nick@tradeintelligence.co.za

Advertising Sales:

info@tradeintelligence.co.za