



07 July 2022

A lousy week in the fiscus, as Eskom spectacularly fails to do the one thing we pay it for, and economic fallout and misery result. It's past time to allow private companies to step up to the plate – our very own Shoprite, for example, is working to build and commission utility-scale wind and solar plants, which will generate electricity to contribute to the national grid. Enjoy the read.

Your Numbers This Week

Zero	R13bn	21%	90,402 tons	345m	-25
other retailers you may supply if you supply WW private brands	Takealot's revenue for the year through March	YOY growth in trading densities in SA's malls	of plastics collected by PETCO last year	pallets, crates, and containers owned by CHEP	Q2 consumer confidence

RETAILERS AND WHOLESALERS

Woolworths

A pinch of class, a dash of flair

Slow news week, so a quick check in with, let's see, Woolies, from whom we haven't heard much lately. Did you know, for example, that it has exclusivity arrangements with suppliers of their multitudinous private label lines, many of these arranged with a handshake, many years ago. Such suppliers include the Rhodes Food Group, Libstar and Interfoods. For their limited range of branded goods, naturally, such restrictions do not apply. And speaking of private label: there is currently a dearth of suppliers to meet the growing demands of the major retailers in a time of tightened belts – surely an opportunity for businesses wishing to grow their sales. Woolies is currently upping its game as the craze for mealkits drags on, launching a more upmarket range of recipe boxes as Ucook, Takealot, Daily Dish and even Netflorist bring the heat in this contested novelty space. And finally, the ongoing success of Woolies Foods has been buoyed over the past couple of difficult years by its investment in price, particularly in the poultry category, where South Africans are always on the hunt for value.

Comment: Challenges abound for this iconic South African brand. But if it loses its disastrous Aussie assets and aligns the rest of the business in support of its flagship food offering, it will weather the storm.

[Ghostmail 03/07/22](#)

Retail Property

Bless the mall

The retail sector has proved itself surprisingly resilient in the face of the COVID pandemic and its associated lockdowns. And nowhere is this more apparent than in the area of convenience. Convenience or neighbourhood shopping centres, usually 10,000m² or smaller, did well during the worst of the pandemic, in part because of their open-air parking – allowing for quick in-and-out shopping trips – and their mix of major anchor tenants and smaller more local retailers. And while we seem to be over the worst of COVID for now, habits picked up during the pandemic have taken root, and these malls continue to enjoy strong foot traffic. It's not just the smaller locations that seem to have weathered the storm however: according to the latest Morgan Stanley stats, trading densities across all retail formats in SA grew 21% YOY in 2022 and are already exceeding pre-COVID levels.

Comment: Excellent news that points to the underlying strength of SA's retail sector.

[Business Times 03/07/22](#)

In Brief

Now anyone can fry...

In KwaZulu-Natal (perhaps the most intricately named geopolitical region anywhere in the world), startup **Kuloola** is offering South Africa's first rural-only grocery delivery service, to a current customer base of around 5,000 households and 200 spazas near Eshowe, using a couple of tuk-tuks for local deliveries and five Hyundai trucks for orders further afield. "I spent about two years working with friends in the tech space in Norway, and we developed a mapping technology that allows us to map rural households and issue them with a delivery number and to be able to do that at scale," says CEO Siyanda Mthethwa. Girding its loins this week against the arrival on these shores of Amazon is **Takealot**, which increased revenue +34% to R13,15bn for the year through March, in a total e-commerce market projected to hit close on a hundred billion by 2024. Takealot is now almost the size of... **Game**, which has hit its target of refurbishing all 115 of its South African stores, with a modern vibe, new interactive features, and improved product displays, in fulfilment of its 2020 strategy. The attractively-priced general merchant is a solid business model in these straitened times – witness Walmart and Target in the US – and if Game gets it right, it could indeed occupy this slot.

Comment: But back to that exciting retail channel that is e-commerce. For the latest in market size, category insights and local and global e-commerce trends, why not get your hands on our [newly updated E-Commerce Report here](#).

Tatler Reporter 04/07/22

International Retailers

Bean there, done that

In the UK, **Tesco** has stopped selling some products made by Kraft Heinz – including their iconic baked beans – in a spat over prices. “With household budgets under increasing pressure, now more than ever we have a responsibility to ensure customers get the best possible value, and we will not pass on unjustifiable price increases to our customers,” says a Tesco spokesperson. “We always look at how we can provide value through price, size and packs,” was the Heinz riposte. Not unrelated, over the pond in France, supermarket giants **Carrefour** and **Delhaize** have decided not to renew their purchasing agreement, by which they were able to up their already massive buying power and put the further squeeze on suppliers. Carrefour is restructuring its purchasing organisation and developing a new purchasing centre, to negotiate with manufacturers in France, Belgium, Spain, Italy, Poland and Romania.

Comment: The power of retailers to set the terms seems undiminished in this inflationary ambit.

Tatler Reporter 05/07/22

MANUFACTURERS AND SERVICE PROVIDERS

Daymon

Private investigation

Our friends over at Daymon have released the results of their regular ‘Private Brands’ survey, and it is illuminating to say the least. For example, private brands have grown significantly in the global and local market, both in sales and customer confidence, with 98% of South African customers buying private brand items, 64% of whom purchase them every time they shop. And perceptions of the quality and value of the private label are shifting, too: when compared with last year’s survey, there was a 27 percentage point increase in positive price perception of private brands, a 10 percentage point increase in quality, and a 4 percentage point increase in the view of punters that private brands better suit their needs. Increased affordability and quality lead to greater trust in private brands, and drive customer loyalty.

Comment: As inflation and unemployment put their squeeze on South African wallets, private label is an increasingly important strategic consideration for our retailer. For more on this important survey, have a look [over here](#).

Tatler Reporter 05/07/22

Plant Based Proteins

What’s your beef? Sorry, plant-based protein.

A kerfuffle over at the South African Department of Agriculture, Land Reform and Rural Development (DALRRD), which announced last week that purveyors of plant-based protein would no longer be allowed to use such terms as “veggie biltong”, “plant-based meatballs”, or even “vegan nuggets.” Although what part of an animal the “nugget” is supposed to be we cannot say. According to the DARD Police (not an actual thing) manufacturers of meat alternatives “must not use the product names prescribed and reserved for processed meat products,” lest consumers be misled or confused. And the Food Safety Agency (FSA) has been instructed to seize any offending product. Says Fry Family Foods, “Plant-based foods play a vital role in making our food systems more sustainable. Enforcing a regulation like this undermines the important work South African meat analogue manufacturers are doing in the fight against climate change.”

Comment: Clearly, meat-industry players have got in amongst the lawmakers here, to no one’s ultimate benefit except perhaps their own.

Just-food.com 28/06/22

In Brief

Easy on the pallet

After we reported on the possible closure of **Tiger Brands’** Ashton canning plant last week – and we’re not implying any connection here – the Western Cape provincial government has been in contact with Tiger Brands to help find a solution that does not involve the loss of so many jobs at the facility. “Tiger Brands continues to proactively engage with parties interested in acquiring the Langeberg and Ashton business,” says the Striped One. Moving on: **PET Recycling Company** (PETCO) increased its collection volume – funded by partners such as **Coca-Cola** – by +14% last year, from 79,078 tons in 2020 to 90,402 tons in 2021. This represents the collection of 63% of the PET packaging waste placed on the South African market by its members. In addition, the availability of food-grade recycled plastics (rPET) in 2021 increased by +17% through PETCO support. And speaking of recycling, circular-economy pioneer **CHEP** reminds us that it owns each and every one of the 345 million pallets, crates, and containers it manages, enabling the business to optimise the reuse and recycling of these assets. Finally, through its Homegrown Stories initiative, **Cadbury** is enabling the translation and storage of stories for kids, in all of our eleven official languages. To date over 500 stories have been translated and uploaded to the Cadbury Digital Library with an additional 45,000 books printed and distributed directly to the children who needed them the most.

Comment: Lots of great work out there people. And let’s all hold thumbs for Ashton.

Tatler Reporter 24/06/22

Power Supply

Striking out

Just as the South African economy looked like it was putting out the first tentative green shots of a recovery – a marginal uptick in formal employment in the first quarter, some indications of leniency from the ratings agencies – click. Thank you Eskom, thank you striking workers, and here we are at Stage 6, with the worst load shedding since 2019. The fallout for our economy has of course been immediate: factories cannot produce what they target, the rand has taken a dive and is trading at R16.47 to the dollar, consumer confidence is down to -25 for the second quarter, the lowest since the early days of COVID, and economists are warning that the rating agencies will be considering a downgrade. But don't listen to us, here's COSATU spokesperson Sizwe Pamla. "It's a blow to workers, their families, the economy, and the country just cannot afford as we emerge from COVID-19, seek to rebuild the economy grappling with a painful recession, and are now paying the price in fuel price hikes and inflation."

Comment: It's time to throw the switch on South African ingenuity and the private generation of power.

[News 24 29/06/22](#)

THE WEEKLY GURU

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Bradley Whitford

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