



23 March 2023

Short week, short Tatler. Monday's political action – well managed by the private sector and the state alike, it seems – mainly affected small businesses, with no estimate as yet of the actual cost, see Trade Environment below. See also our retail story on the informal trade, where an enterprising business is bringing stokvel methods into spaza buying groups. That's the Beloved Country, in a frustrating, inspiring nutshell. Enjoy the read.

YOUR NUMBERS THIS WEEK

R250k

maximum *loan* offered by **Massmart** for *solar installation*

+35%

South Africa's *online sales* growth in 2022
Source: World Wide Worx

500m²

of fresh in **SPAR** *Zim's* newly-refurbished Groombridge store

R3.6bn

to be raised in **Premier's** forthcoming *listing*

200k

spaza shops trading in South Africa

+20.6%

interim *revenue* growth at **Namibian Breweries**

RETAILERS AND WHOLESALERS

Pick n Pay

What a tangled web we weave

Pick n Pay is looking for a way to mediate the long, uneasy reconciliation between bricks and clicks, attempting to efficiently monetise the twin trends of 'showrooming' (try in store, buy online) and 'webrooming' (research online, buy in store). The business is making the latter easier for punters, with more options to research and purchase products across multiple channels. Last year, for example, it launched the online store Pick n Pay Home, and is also selling selected products in the Takealot marketplace. These platforms are supplemented by an in-store experience that allows customers to physically review products. "The results were remarkable," says the splendidly named Ansgar Pabst, Head of GM: Omnichannel. "The increase in sales shows that customers really love the ease and convenience of this omnichannel approach." He also notes that most shoppers have not made a full transition to a single mode of shopping, preferring to use both before deciding where and how to spend their hard earned.

Comment: This hybrid approach meets shoppers where they are, at a time when online is burgeoning – according to World Wide Worx, sales were up +35% last year across the country, and competition is heating up.

[Retail Brief 14/03/23](#)

Informal Trade

Force multipliers

South Africa boasts over 200,000 spaza shops, which contribute as much as 5.2% to GDP, and employ 2.6 million people, according to the South African Township Marketing report published in 2021 by digital marketing outfit Rogerwilco. The challenges faced by these essential businesses are well-documented: like the cost of stock and reliability of suppliers – they lack the buying power individually to address either of these concerns. Enter the Spaza Shops Stokvel, an embryonic buying group which takes the collective savings system of stokvels in establishing a group-buying culture among its retailer members – only eight so far, but others will doubtless follow. And it's not just economies of scale that they have access to. "We have got systems and processes that will run the businesses," explains founder and spaza owner Mbongeni Sangweni. "The system will tell us exactly what stock is needed and at which stores. Most importantly, it will take care of the last mile issue faced by businesses as it will also facilitate deliveries."

Comment: A sticky global problem, a brilliant South African solution.

[IOL 16/03/23](#)

In Brief

Let the sun shine!

First up, in news of vertical integration of the energy supply chain, **Massmart** has announced that in partnership with Retail Credit Solutions it will be offering loans of up to R250,000 for customers looking to go solar with one of its products. Next, in further evidence of the fact that time flies whether you're having fun or not, it's time once again and already for the third annual **Food Lover's Market** Seeds of Change Supplier Development Partnership, which gives promising social entrepreneurs an opportunity to join the retailer as a supplier. Finally, congrats to **Woolies**, named last week as News24's inaugural Company of the Year. News24 Business Awards recognise companies and CEOs who are doing excellent work in building their businesses, while also going above and beyond in communication, transparency and contributing to South Africa.

Comment: There are some who might say that Woolies has made a promising recovery from its self-inflicted lean years, but that this journey is by no means complete.

[Tatler Reporter 22/03/23](#)

International Retailers

Virtual insanity

Just north of our borders, **SPAR Zimbabwe**, owned by an independent retailer, has completed a four-week renovation of its Groombridge store in Harare, with a 500m² 'fresh is best' section, improved shelving, innovative point-of-sale technology, and LED lighting, an extensive deli, a sushi chef, and a Biltong Bar. Next up, in the US, **Walmart** is spending \$130m to roll out the store of tomorrow in over 1,000 locations, where it will use data analytics, augmented reality and AI to improve the shopping experience. The AI will help manage the stores' inventory, the availability of trolleys (they call them carts over there), and customise recommendations, offers, and promotions; the AR will power interactive displays and virtual shopping lists. Finally, in India, organic dairy and grocery outfit **Praakritik** has teamed up with Bhoomi India Agtech to also bring fresh organic fruit and veg to the thousands of households the business already delivers to in the tech hub of Bangalore.

Comment: India is a sophisticated and much misunderstood market where we could learn much – and perhaps teach a thing or two as well.

Tatler Reporter 21/03/23

MANUFACTURERS AND SERVICE PROVIDERS

Premier

List-en up (No. Ed)

More on that new Premier Group listing, postponed in December, about which we briefly reported last week. Premier decided to hold off on the listing as it decided at the time that market conditions were not conducive to achieving the value it sought. The new listing, at R53.82 per share, would raise around R3.6bn for the business, which would be valued at around R6.9bn on the day. Premier, as you know, brings a stable of iconic South African brands to market, including Blue Ribbon bread, Millbake flours and baking mixes, CIM biscuits, Champion and Rascals in confectionery and Polana pasta, and more recently Mister Sweet, owner of Manhattan and Super C, and achieved revenue of R14.5bn in the year through 31 March 2022. Private equity firm Brait expects to retain 47% ownership after the JSE has done its thing, but will unbundle the balance by December 2024. "The growth strategy executed over the past decade has resulted in sufficient scale whereby it is now more suitable to be publicly owned than to stay private," says Premier CEO Kobus Gertenbach.

Comment: A vote of confidence, one assumes, in current market conditions.

Tatler Reporter 21/03/23

In Brief

No easy cure

Some news from the pharmaceutical sector, which is somewhat tangential to our own. **Pfizer** (internationally) is buying cancer-drug maker Seagen for a whacking \$43bn, in a departure from pandemic-related revenues and back into mainstream pharma. "We aren't acquiring the golden eggs, we are buying the goose that lays the golden eggs," explains Pfizer CEO Albert Bourla helpfully. Rival **GSK**, in the meantime, is heading in the opposite direction, sharpening its R&D focus on HIV and infectious diseases, and reducing the emphasis on oncology. And it's betting big on CRISPR gene-editing technology: 70% of drugs in the development pipeline are "genetically validated", compared with 20% in 2017 before they started their R&D overhaul. Unrelated, **Namibian Breweries** grew revenue +20.6% to N\$2,389m for the six months through December despite significantly reduced consumer spending on the back of rising prices for basic goods and services. And of course, increasing input costs: it sustained a +25% increase in the cost of glass and a +34% increase in the cost of malt, which combined with higher advertising and promotional spending, resulted in a slim +0.3% increase in operating profit to N\$359m.

Comment: A solid business, delivering both quality and results under difficult conditions.

Tatler Reporter 22/03/23

TRADE ENVIRONMENT

Protest Action

Mass effect

No numbers yet for the economic losses caused by Monday's EFF-organised protest action, but the indications are that it was a mixed bag. The DA estimated that a one-day shutdown of the South African economy would cost over R1.2bn in generated wealth; the reality of Monday's action seemed significantly less serious than that. While city centres and transportation hubs were very quiet, the greater impact was apparently suffered by the informal and independent trade, less protected by state and private resources than the malls and formal shopping areas, and thus more vulnerable to looting. "[...] the state responded proactively, saturated security-wise on many of the hotspots and even though some of the city centres and other places were very quiet, the economic losses beyond the closure of more medium and small-scale enterprises were not that great," explained political economist Dale McKinley.

Comment: Some might say we dodged a bullet. In reality, dialogue, planning and goodwill got us through.

Eyewitness News 21/03/23

THE WEEKLY GURU

"Advances in medicine and agriculture have saved vastly more lives than have been lost in all the wars in history."

Carl Sagan

For further information:

Editorial:

PR and Story Submissions:

Advertising Sales:

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

Nick Paul: nick@tradeintelligence.co.za

tatler@tradeintelligence.co.za

info@tradeintelligence.co.za