

Trade Tatler

NEWS FROM THE CONSUMER GOOD INDUSTRY – FRESH EVERY WEEK

02 November 2023

As the victorious Boks touch down at OR Tambo, we get a tantalizing glimpse of what unity, leadership, competence, and *vasbyt* look like. It's a compelling and uniquely South African mix, and yes, rugby is a game, but also a microcosm of what we've achieved in so many other sectors of South African life, our own great industry very much included. What we can do with rugby and retail, we can do with electricity, roads, and rail. Enjoy the read.

YOUR NUMBERS THIS WEEK

R41.6m

turnover at
Clicks, up
+8.2%

885

Clicks stores
now trading

11

Checkers
Outdoor stores
up and running

400

'Unreal Deals'
exclusive to **Pick**
n Pay asap!

50

Pick n Pays now stock
relaunched **Redro** and
Peck's Anchovette

R57bn

shortfall in **tax**
revenue so far
this year

RETAILERS AND WHOLESALERS

Clicks

Healthy numbers

Annual results from Clicks, and another pleasing performance from this steadiest of retailers, with Group turnover up +8.2% (ex. COVID vaccines) to R41.6bn, and operating profit up +9% to R3.6bn. Retail turnover, even better, increasing +12.2% (ex. COVID vaccines). According to CEO Bertina Engelbrecht, the real achievement though were the gains in market share in core categories: from 23.6% to 24.0% in the retail pharmacy market, and 32.3% to 32.8% in the front shop health market. The business opened a net 45 new stores for a new total of 885, and 38 pharmacies, extending its national pharmacy presence to an unassailable 711. A further 40 to 50 new stores and pharmacies are planned for the next FY, with a longer-term target of 1,200 stores. Currently, 50% of South Africans live within 5.1km of a Click pharmacy. "We are confident that the organic growth opportunities in Clicks, together with the Group's strong cash generation and healthy balance sheet, should ensure that the Group continues to deliver on its medium-term financial and operating targets," said Engelbrecht.

Comment: Ongoing excellence in the execution of the pharmacy-forward strategy born under David Kneale. For more on those results, [read our summary here](#).

[Supermarket.co.za 27/10/23](#)

Makro

Boxing clever

South Africa's first true big-box retailer Makro is launching its first brand campaign in many years, repositioning the business as the country's largest omnichannel retailer, offering shoppers a wide range of products under one roof. The repositioning, conceptualised in partnership with Accenture Song, is focused on the customer experience and known truths that have existed in the brand for many decades, rather than a change on the format or offering of the store itself. "Visiting Makro is a unique experience, known as the "Makro Mood", where customers seek value and buy in bulk. Accenture Song has skilfully captured this mood in its strategy and creative expression, connecting people to Makro and attracting new customers to the brand," explains VP of Marketing Katherine Madley. In other Makro news, the business is reportedly gearing up for a huge Black Friday, particularly in the GM category, where it has significant stockholding to meet anticipated demand.

Comment: Makro has traditionally focused on straight up product and price marketing. A positioning exercise is a good idea at this time.

[Supermarket.co.za 25/10/23](#)

In Brief

It llllives!

Pick n Pay is driving hard to ensure its asap! online delivery platform catches up to Checkers' now dominant Sixty60 offering. Its latest move is the launch of 400 'Unreal Deals', offering up to 60% off essentials and sought-after products exclusive to users of the asap! app. Sticking with Pick n Pay, in keeping with its tradition of reviving South Africa's beloved but sadly deceased brands, they are working with Cape Gulf Brands & Premier Fishing to relaunch the popular fish paste products Redro and Peck's Anchovette after they were discontinued nearly two years ago already. The piscine breakfast staples are available in over 50 Western Cape stores and will shortly be available across the Beloved Country. Finally – couple of store openings for you: **Checkers** has opened its 11th standalone **Checkers Outdoor** store, at Willowbridge Shopping Centre in Tyger Valley, Western Cape. What's the thinking? "We are redefining the outdoor retail experience by offering a one-stop destination for camping and braai enthusiasts, beachgoers, and nature lovers, all at the incredible value that Checkers is known for," explains COO Willem Hunlun. And then **Massmart** has opened the **Builders** Baobab express format store a stone's throw away from Polokwane's Mall of the North.

Comment: There is an argument to be made that retail is retail, and we in the FMCG sector would do well not to be purists.

[Tatler Reporter 01/10/23](#)

International Retailers

Eastern promise

Some very big news from Trade Intelligence is that the business has just published two reports on the retail landscape in Kenya. "It's long been our ambition to explore the Kenyan market," says Trade Intelligence GM Janene Laas. "We've honed our skills in the South African market. But we know that there's an exciting world of retail innovation out there. We're a relentlessly curious business, and Kenya has so much to teach us." Trade Intelligence is working with various local partners,

such as the Retailers Association of Kenya (RETRAK) and other industry experts. Among the companies Trade Intelligence is profiling are Carrefour and local outfits Naivas, Quickmart, and Chandarana Foodplus, as well as the still-burgeoning independent and informal sectors. “Ten years ago, the informal trade was the dominant force in Kenyan retail,” says Ti Business Development Lead, Andrea Ellens. “With the development of modern retail in Kenya, we’re seeing that entrepreneurial spirit translated into something really special – some of the most innovative and exciting execution at retail we’ve ever seen.”

Comment: For more on this momentous development, [have a look here](#).

Tatler Reporter 01/11/23

MANUFACTURERS AND SERVICE PROVIDERS

CHEP

Pallet of tricks

Improving the supply chain is a never-ending quest shared by companies around the globe, especially in our very own FMCG sector. As a result, partnering with experts in the field should be top of the agendas of every supplier, manufacturer, and retailer. CHEP is such an expert, providing platforms and services that play a critical role within the supply chain. How so?

- Through its nationwide footprint and vast and adaptable network with service centres located around the country for unmatched availability;
- Its high-quality pallets which require less manual labour for repalletisation and return handling; and
- Its ability to ensure pallets are always available, even during seasonal peaks or when demand increases unexpectedly.

Comment: For more on how CHEP can help your products reach their destination efficiently, on time, and with less damage, [read here](#).

Tatler Reporter 01/11/23

Artificial Intelligence

Smart drinks

In a harbinger of what is no doubt soon to be rolled out globally and at scale, **Coca-Cola** has with the help of artificial intelligence AI launched a new limited-edition Coca-Cola 3000 Zero Sugar on its Creations platform. The AI helped create both the taste and the design of the can, as Coca-Cola tries to identify what the year 3000 would look like for beverages. Sugar free and colourful, apparently. **Unilever** has, for its part, taken a more all-in approach, using AI tools to optimise various aspects of its operations. For example, it’s using apps that leverage neural networks and the GPT API to enhance its ability to respond to consumer needs and broader market dynamics. It’s also using the possibly sentient technology to identify alternative ingredients that can reinforce the resilience of its supply chains, making its products more sustainable and cost-efficient, and streamlining the number of ingredients without impacting the effectiveness or quality of the products.

Comment: Stealing fire from the gods is never without its risks.

BizCommunity 28/10/23

In Brief

It’s a Jungle out there

A smart move from **Tiger Brands**, with the launch of its ready-to-drink (RTD) Jungle Oats Drink range, a plant-based on-the-go snack and functional food, and the only one of its kind in the local market. Oat milk has already achieved traction globally as an improvement upon soy and almond as a dairy alternative, and functional foods are already going gangbuster here in SA, just ask **Futurelife**. Who, by the way, has just launched its second concept store, at Canal Walk in Cape Town, providing easier than usual access to Futurelife products, co-branded Adidas fitness apparel, a Smart café, and a variety of dietetic services designed to promote healthy living. Finally, **Komuniti**, an app that facilitates stokvels, funeral donations, stokvel borrowings, and a wide range of other financial products and services, is teaming up with banking as a service (BaaS) and embedded finance enabler, Ukheshe, to bring digital banking to more South Africans.

Comment: Three stories which together paint a picture of the innovation and sophistication of our unique homegrown market.

Tatler Reporter 01/11/23

TRADING ENVIRONMENT

The Economy

Small change

A worrying medium-term budget update from Finance Minister Enoch Godongwana, who revealed that a stagnant economy had seen us R57bn shorter in tax revenue than we’d hoped, leaving us with a budget deficit of 5% rather than the anticipated 4%, and with some tough decisions to make about what the government can actually deliver. “Our challenge is that rising debt service costs are crowding out important social spending, and our economy has not grown fast enough to support increasing expenditure or our current debt levels,” said the Minister. It now costs the country 9.5% to borrow money, versus 8.3% earlier this year. The rolling debacles at state-owned enterprises like Eskom and Transnet have been the main dampener on growth, with a knock-on effect on business, the profitability of which provides the tax revenues which enable the government to continue delivering services.

Comment: These numbers may provide a wake-up call, if one were needed, for the luminaries responsible for the decline of our state-owned enterprises.

Financial Times 01/11/23

THE WEEKLY GURU

“It is unfair of us ordinary South Africans to keep demanding the Springboks to give us hope through their victories, when we don’t meet them halfway [...] the Springboks have given us everything... now it’s up to us.”

Pulane Tshabalala

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