



02 May 2013

Interesting news on the Pick n Pay front, and perhaps a shot across Shoprite's bows? We wonder how Mr JW Basson will respond. And in other news of the Great Rivalries, P&G and Unilever slug it out in the quarterlies. Enjoy the read.

---

## RETAILERS AND WHOLESALERS

---

### Clicks

#### Minor symptoms

Taking a leaf from the Big Massmart Book of Underpromises this week is Clicks, who inform us they expect headline earnings for the full year to August, which seriously doesn't seem to be just around the corner now does it but just you wait and see, to rise just 5-10%. This, they say, is because it's tough out there, because selling price inflation is unlikely to help them along much and that cost pressure on their business will stay high as they continue to roll out pharmacies. For the six months to February, sales rose 11.4% to R8.5billion while something called net income rose 9.8% to R360million. If you happen to be a punter, however, you'll still be getting your dividend, won't you, and it'll be up 10% to 48.5c per share.

**Comment:** A good thing that this minor hiccup has not halted the successful rollout of pharmacies.

[Bloomberg 25/04/13](#)

### Pick n Pay

#### Lightly poached

Two strategic appointments at The Big Blue, one of which we hinted at obliquely a couple of weeks ago. Joining Pick n Pay from Shoprite, where he was merchandise director, is Gerhard Ackermann, just one consonant away from being part of the family. Mr Ackermann, joining the planning department, will be working with CEO, Richard Brasher and food merchandise director, Peter Arnold on beefing up the old price and promotional strategy, an area where Shoprite has probably held the edge for a while. Gustave Moller, who joins Pick n Pay from – uh, oh – Shoprite, will also be working in the planning department, where he will focus on format development plans, no doubt bringing his hefty experience in emerging markets to bear.

**Comment:** To lose one is an accident, to lose two is just plain careless...

[BizCommunity 22/04/13](#)

---

## MANUFACTURERS AND SERVICE PROVIDERS

---

### P&G

#### Grudge match

P&G has the inestimable advantage of owning a big stake in two categories where you really hate spending your hard-earned but unless you're a thickly-bearded hippie who loves doing the laundry you have no choice: razor blades and disposable diapers. This is surely one of the reasons that its quarterlies rose above expectations to \$20.7bn in sales, marginally up on last year's performance. Profits were up to \$2.56bn, also slightly up on last year. So productivity is up, sales are up, market share was up, and cost-cutting programmes are starting to bear fruit. Flushed with confidence, they're planning to buy back \$6bn worth of their own stock.

**Comment:** No rocket science, then, just a great business getting on with the business of earning its keep for shareholders.

[I-Net Bridge 26/04/13](#)

### Beer

#### They're coming for your bru's

In a world... (cue ominous kettle drums)... where two big businesses own 99% of the local beer market... (add some sinister strings)... the little guys are about to fight back... (brave, brassy horns). Seriously, Brandhouse and SAB, the latter still benefiting from that long-standing monopoly, are seeing their market share chipped away (albeit indiscernibly) at the margins by the rise of the microbrewery, here as elsewhere. Growth among the little guys is doubling YOY, and as Joburg awakens to the joys of something brewed by hand, the centre of gravity of the nascent industry is likely to swing from the Cape to its more natural home up north.

**Comment:** The inevitable result of the rise of the microbrew is a wave of acquisitions by the big guys, looking to gain market share and a bit of that homebrewed credibility among serious aficionados of the once-uniformly-amber liquid.

[Moneyweb 28/04/13](#)

## Coca-Cola

### Coke Adds Life

Coca-Cola is putting its money where its Youthful Global Lifestyle Urban Streetwise Fun-loving Brand Positioning is, by replacing some of its more senescent board members in the next round of voting. Coke, you see elected nine septuagenarians out of a possible 17 positions to its board in 2012. Two of the current members – Mr Donald Keough and Mr James Williams – not standing for re-election, are over the age of eighty. By contrast, newcomer Helen Gayle, chief executive of the humanitarian group CARE, is a mere slip of a girl at 57. And Chairman and CEO Muhtar Kent is a strapping young buck of just 60. However, the average age on Coke's Board is 67, compared with an average of 62.6 on the S&P Top 500. Rival Pepsi has no board members over the age of 70.

**Comment:** Which come to think of it might be a good reason to keep dad around the house a bit longer.

[Wall Street Journal 23/04/13](#)

---

## TRADE ENVIRONMENT

---

### Inflation

#### And a three-headed dragon shall consume the sun

The CPI for the month of March came in a touch better than the predictions of economists who like sports columnists and ancient Mayans never seem to be held to account for the quality of their prognostications. At 5.9% it was unchanged YOY, climbing 1.2% month-on-month compared with 1% in February. The reason for this was lower-than-expected food inflation, which fell to 5.7% YOY for March compared with 6.1% in February, declining by 0.1% from February to March. Now the economists, flushed with their signal lack of success at ever getting anything right, are predicting that food inflation will remain under 10% for the rest of the year. Upward pressure in March came mainly in transport, with an increase of 2.7% month-on-month after the fuel price hike, and education – an annual bump as books and uniforms are bought – was up 9%.

**Comment:** A glimmer of good news, though, for our chronically-strapped consumer base and the businesses who serve them.

[Business Day 18/04/13](#)

---

## IN BRIEF

---

### Unilever

#### Perhaps we could send them some aid

Le Grand Bleu grew sales by 4.9% for the three months to March, a touch below analysts' expectations of 5.6%. A dip in sales to the tune of 3.1% in the strife-torn and economically-troubled region of Europe is chiefly to blame, although its growth in Latin America and Asia continues to outperform rivals.

[IOL 26/04/13](#)

### Meat

#### Ooooooh! Can you see the worry in our eye?

Manufacturers of dodgy meat products – and even the retailers who hawk them – could face fines of – get this R20,000, or six months in prison for a first offence, and R80,000 for a second. This will provide a powerful disincentive to those businesses who are fond of corralling kangaroos for the purposes of turning them into genuine South African beef. Hang on a sec – oh, no, actually it won't.

[Justmoney.co.za 23/04/13](#)

---

## TRADE INTELLIGENCE

---

### Training & Seminars

 trade intelligence

## mycustomer 2.0

My Customer 2.0 gives you the practical and strategic tools you need to understand your key retail and wholesale customers, their strategic imperatives and resulting expectations of suppliers.

### Key Outcomes

Delegates will emerge with:

- A thorough understanding of the SA consumer goods landscape and the socio-economic factors impacting retail performance
- Global and local shopper trends and impact on retail strategy
- An in-depth understanding of the major players, their strategic imperatives and resulting expectations of suppliers
- An understanding of channel (including online and digital), chain and new format developments
- A wealth of inspiration regarding shopper engagement and activation at the point of purchase

Programme	Date	Venue	City
My Customer 2.0	04 & 05 June 2013	Pick n Pay Institute, Fourways	Johannesburg
My Customer 2.0	23 & 24 July 2013	Southern Sun, Newlands	Cape Town
My Customer 2.0	08 & 09 October 2013	Pick n Pay Institute, Fourways	Johannesburg

### Costs

Early Bird Rate (booking form and payment confirmed 3 weeks before training programme) – R5,850 pp

Standard Rate – R6,650 pp

All costs are exclusive of VAT

FOR MORE INFORMATION ABOUT THIS COURSE, contact Divashni Moodley on (031) 303 2803 or email [divashni@tradeintelligence.co.za](mailto:divashni@tradeintelligence.co.za)

### THE WEEKLY GURU

“Filled with mingled cream and amber I will drain that glass again. Such hilarious visions clamber Through the chambers of my brain -- Quaintest thoughts -- queerest fancies Come to life and fade away; Who cares how time advances? I am drinking ale today.”

Edgar Allan Poe

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: Divashni Moodley: [divashni@tradeintelligence.co.za](mailto:divashni@tradeintelligence.co.za)