



29 April 2015

Snappy little week, snappy little Tatler. Couple of sets of interims, couple of M's and indeed A's, not much else. You'll notice that in the interests of brevity, we've dispensed with our Trade Environment section this week. All that we might have said on the matter is expressed better here: a timely and urgent call to action for government and business alike. Enjoy the read.

RETAILERS AND WHOLESALERS

Pick n Pay

Jolly Old Pals

Pick n Pay and Massmart have, apparently buried the hatchet *vis-à-vis* exclusivity clauses in malls, with the former averring, if that's the word, that while exclusivity clauses with landlords were somehow desirable in the past, they might not be so in future, who knows? Last year, you will recall, Massmart was interdicted by the High Court to prevent it from interfering with any contractual obligations of exclusivity there might be between Pick n Pay and mall owners, specifically as it related to the opening of a Foodco department in a CapeGate Game store. This gave rise to rumbblings from concerned groups that such clauses were anti-competitive.

Comment: Which they are. Hence, no doubt, the conciliatory tone now.

[IOL 22/04/15](#)

Clicks

Meanwhile...

Those Clicks interims then, my, how time does fly. Turnover up 14.1% for the six months through February, with diluted Headline Earnings Per Share (HEPS) up 12.8% (What's that in operating profit? Ed). This on the back of furious promotional activity, which accounted for 29% of sales. Mr Kneale is expecting HEPS to stay there or thereabout for the year, with 15 new stores planned for the six months through August, which will be nice for revenue. And the plan past there, apparently, is to look with keener eyes towards the rest of Africa, planning more stores in Namibia and Botswana, and perhaps looking at East Africa as well – a departure for this famously circumspect retailer.

Comment: And exciting news for punters. Grand days.

[Moneyweb 23/04/15](#)

Massmart

Critical Mass

After their sad decline in profitability in the *annus horribilis* that was the 2014 FY, we are watching Massmart with more than the usual interest, and so we turn to their 13-week update: like-store sales were up 7.4% compared with 7.1% for the same period last year, a scenario they foresee as ongoing for the short term, and that's about all they're revealing right now. They have mentioned that the low oil prices are not helping their African markets, notably Nigeria, and certain gimlet-eyed analysts have remarked that economic woes back in the Republic are a downer for their high-volume, low-price model.

Comment: Challenging times for all retailers, including those with a big American brother.

[Bloomberg 24/04/15](#)

MANUFACTURERS AND SERVICE PROVIDERS

Pioneer Foods

The future's so bright, I gotta wear shades.

Pioneer Foods have announced that they will be acquiring 50% of FUTURELIFE, the Durban-based functional foods outfit founded and owned by Paul Saad, brother of the similarly-entrepreneurial Steven. Pioneer is of course well-represented in the cereals category, with such breakfast basics as Weet-Bix, Nature's Source, ProNutro, Bokomo corn flakes and White Star maize meal, but thus far, no functional foods – defined as products which offer more benefits than the merely nutritional. FUTURELIFE products have attracted a passionate following among weekend warriors, who value it for its boost to their performance in half marathons, and Mud Men. It has entered into a

successful JV with Clover, who bring its drinks to market, and was apparently seeing off suitors left right and centre before the Pioneer deal.

Comment: Excellent work from a well-known and widely-liked Durbanite.

[Moneyweb 23/04/15](#)

Quality Beverages

Time, gentlemen

OK listen closely now, because it gets a little tricky here. We have plastic packaging specialist Bowler Metcalf, OK? And last year they transferred 100% of their soft-drink bottler business, Quality Beverages, to KZN rival Shoreline, for which they received 43% of a brand new entity, SoftBev, giving them a healthy chunk of a beverage business with turnover of over R1billion. But, and here's a biggy, Bowler Metcalf will not be supplying plastic bottles to SoftBev, depriving it of potential operating profits of R34million. Bowler went into the deal after failing to achieve the success with Quality in Gauteng that it had pulled off in the thirsty valleys and arid heights of the Western Cape. Without the technology of its competitors, and with a leadership vacuum in Gauteng, Bowler had little choice to offload Quality before it was stomped on.

Comment: And all that remains is to convince the punters that this was a good idea.

[Business Day 23/04/15](#)

IN BRIEF

Pick n Pay

Erratum

Last week, we reported erroneously that Pick n Pay were to spend R5million on store refurbishments and openings over the next two years. In fact, they will be going all in and spending R5billion, a more useful sum. We apologise for our uncharacteristic mistake, and assure readers that we have exercised strict discipline upon our team of fact checkers.

[Tatler Reporter 21/04/15](#)

THE WEEKLY GURU

“Examine the contents, not the bottle.”

The Talmud

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