



13 August 2015

As you may have noticed, things are not what they might be on the economic front. We at the Tatler have long averred (if that's the word) that one solution to this would be more and better partnerships between business, government and the communities that both of them serve. Down below, in our manufacturers section, you will find not one but two examples of what we're talking about. Enjoy the read.

RETAILERS AND WHOLESALERS

Shoprite

Uh, oh

Despite our bold assertions to the contrary last week, Shoprite will not be exiting Uganda anytime soon. Shoprite – in line with its strategy of building retail space where none exists in Africa then opening stores there – owns two malls in Uganda, Lugogo Mall and Clock Tower Centre. And it will not be selling these to Kenyan outfit Nakumatt; rather, it will be seeking to expand its operations in that stable and promising economy. We picked the story up from the Nairobi-based Business Daily, and Nakumatt has plans to list on the Nairobi Stock Exchange sometime in the next five years. Perhaps there was a bit of flag-waving going on there.

Comment: Sorry about that, we'll check our sources more assiduously in future.

[Moneyweb 05/08/15](#)

Pick n Pay

Picky, picky!

For those of us who like to attend results presentations for fun and profit, the bashing of Pick n Pay by analysts has been an unfortunate part of the scene. "My wife couldn't find any double ply in your Houghton store last week, do you have a supply chain problem?", that sort of thing. Now, it appears, the gimlet-eyed crew are prepared to cut Pick n Pay some slack. Part of the reason for this is that Mr Brasher has toned down talk of a recovery. "'I'm not happy,'" he said at the recent AGM, where he announced that the first stage of the recovery plan was successfully complete, "but I am satisfied with our performance and know we're on track against strong headwinds." One of the indicators of success is the game of catch up they're playing with centralised distribution. This year, 45% of goods in stores were centrally supplied. The target for the end of 2016 is over 60%.

Comment: Pick n Pay is a pillar of the local industry. Their continued and lasting strength is good for everyone.

[Sunday Times 09/08/15](#)

Woolworths

Apparently, he will be performing in a room without a roof.

100% to Boycott, Divestment And Sanctions Against Israel (BDI) for persistence. 0.1% for relevance, which is also coincidentally the proportion of its product which Woolworths procures from Israel. And 0% for research which – again coincidentally – is the proportion it sources from the Occupied Territories. BDI is clawing it way back into the news for taking on pop-saint Pharrell Williams, who as you know is partnering with the Dapper One in its 'Are You With Us?' campaign for sustainability. Pharrell will be performing in September at a Woolies-sponsored event at the Grand West Casino in Cape Town; BDS has been refused rights to protest outside the event but promises to shut down all routes leading to the venue.

Comment: BDS has a case to make and a following. But Woolworths is a more than questionable target here.

[Completemusicupdate.com 06/08/15](#)

MANUFACTURERS AND SERVICE PROVIDERS

Pioneer

Blazing a trail

Pioneer Foods have forked over R8.5million for the development of a youth centre in Mbekweni outside Paarl. The centre replaces a municipal beer hall in an area where state-sponsored alcoholism was once a strategy of social control which continues to devastate communities today. The centre is designed as a multi-use space to give local youth more positive alternatives to their otherwise limited opportunities for recreation, with computer rooms, studying

facilities, career guidance, and a variety of courses in personal development, health, wellness, and fitness. Pioneer have partnered with their IR provider Business Connexion to get the centre up and running.

Comment: An excellent and inspiring initiative. Business has a role to play in fixing SA's many social ills. Businesses like Pioneer are showing us how.

[Tatler Reporter 03/08/15](#)

Tiger Brands

Peace, Love and Understanding

The Striped One has signed a Memorandum of Understanding (MoU) with the Department of Agriculture, Forestry and Fisheries agreeing to buy certain raw materials from small local farmers. Tiger currently sources 1.9 million tons of agricultural commodities every year, 63% of it locally. Starting immediately, it will be sourcing some of this – initially tomatoes, sorghum, beans, and sunflowers – from small producers. The MoU will cover the Western Cape, Limpopo, North West and Gauteng and will see Tiger working with local communities to establish farming cooperatives, providing technical and financial support. The agreement falls under the Department's broader Fetsa Tlala Food Production Initiative, which aims to bring down food prices and increase availability by putting 1 million hectares of under-utilised land under production by the 2018/19 growing season.

Comment: That is what we call a PPP. And a win win win.

[Fin24 08/08/15](#)

TRADE ENVIRONMENT

Food Prices

Meallies!

The good news is that globally, food prices dropped to a six-year low in the month of July. The bad news, of course, is that the price of maize rose. Bad news, that is, if you happen to be a maize-importing country like us, especially one with a weak currency, like ours. And moreso if maize happens to be your staple diet, like you get the picture. This according to the United Nations Food and Agriculture Organisation's food price index, which tracks the prices on global markets of cereals, meat, dairy products, vegetable oils and sugar. This time around, it was dairy and oils which were bringing the prices down. What does this mean for us? Higher maize prices traditionally have an upstream effect on the prices of meat and poultry, which as you know are made from a sort of recycled maize.

Comment: "Upstream effect", indeed. What are we – economists?

[The Times 07/08/15](#)

IN BRIEF

BAT

Taking a hit

Well not exactly. But who lets the truth stand in the way of a snappy headline? British American Tobacco have in fact turned in a better-than-expected performance for the second half of their financial year, although to be fair revenue did decline 5.9% to £6.4billion for the six months through July, with tobacco volumes declining 2.9% as today's sophisticated smoker turns to an e-cigarette in order to make himself look louche.

[Brecorder.com 03/08/15](#)

Kelloggs

Natural mystic

Attempting to appease the appetite of punters for a more natural breakfast this week are Kelloggs, which have announced that they intend completing the removal of artificial colours and flavourants from across their ranges by 2018. Currently, exactly zero of their cereals contain artificial flavours, and 75% have ditched the artificial colourants too.

[Food World News 07/08/15](#)

Coca Cola

It's gonna blow!

In big news if you happen to be European, Coke is combining the fortunes of three of its biggest bottling operations – Coca-Cola Enterprises, Coca-Cola Iberian Partners and the German bottling business of Coca-Cola, to create a massive bottler (a massive business in any industry) which will serve the entirety of the European market, while presumably, cutting overheads and unlocking shareholder value.

[Reuters 06/08/15](#)

THE WEEKLY GURU

“We commend companies that believe that growth must be seen in people before it's seen in sales volumes, share prices or other measurements of success.”

Cyril Ramaphosa

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