



16 August 2018

Welcome, then, to another week in the hustle and bustle of this great industry we call home, where quite frankly you need a little more of the hustle these days if you want more of the bustle if you know what we mean. Shoprite Group have got it, going upmarket while keeping its poorer punters looked after, and so too do Choppies, although well... Enjoy the read.

RETAILERS AND WHOLESALERS

Woolworths

Reverse engineering

When it comes to doing the right thing by dear old Planet Earth, the spirit is willing but the flesh is sitting under a palm tree somewhere, sipping Pina Colodas from a polystyrene cup, and I'll take mine with a straw. Enter Woolies, who have come up with an idea that will actually help punters recycle the endless packaging our great industry cannot help but generate. It's a reverse vending machine that identifies the recyclability of your waste by barcode, then allows you to deposit the offending item depending on this indicator. You, the virtuous consumer, then receive a congratulatory SMS with a confirmation of your deposit as it were, and once the machine is full, a local recycler is contacted to come and take it away.

Comment: This is an excellent innovation, although the reduction of wasted packaging would perhaps be an important first step.

[Tatler Reporter 08/08/18](#)

Checkers

Salmon like you

Speaking Woolies, their recent travails in Aus have meant they haven't been able to rest on their laurels in any way. But even if they were so inclined heeeeere's Checkers, taking on the Dapper One with an increasingly high-end range of product in increasingly gorgeous stores. Witness, if you will, the Checkers Hyper in the Mall of Africa, which while not exactly a spring chicken at two years old is something of a legend in its own lunchtime, with a massive array of ready-to-eat, a legendary burger bar and a Woolies-challenging range of high-end items, like smoked salmon at R1,300 per kilo, right across the aisle from IQF chicken at something closer to R35.

Comment: Perhaps competing with Woolies doesn't mean looking like Woolies, but offering quality product in a recognizably – and comfortably – South African store environment.

[Business Insider 13/08/18](#)

Massmart

Hepscuse me?

We don't judge the performance of a business solely on its headline earnings per share – it's a dangerous lone indicator. But there are some who understandably do, and for them the case of Massmart is a cause of some concern, with HEPS expected to decline by somewhere between 16% and 26% for the six months to end June 2018. Perhaps more worrying, it's the only major retail share to have declined since the Walmart transaction of 2010, with Shoprite and SPAR more than doubling in price, and Pick n Pay climbing by +68%. Massmart's exposure to general merchandise is partly to blame. So too is stunted growth in Africa, which is seemingly stuck at around 8%. And frankly, Walmart's vaunted buying power has failed to come on stream, leaving Massmart to compete on an extremely contested playing field price wise.

Comment: Massmart is a retailer we have long admired. It is to be hoped that the business may soon see more positive results as it navigates its way through our tough trading context.

[Business Day 08/08/18](#)

MANUFACTURERS AND SERVICE PROVIDERS

Clover

Hepsolutely fabulous

A couple inches up north we were talking down the significance of headline earnings. But when you're looking at year on year growth of 200%+, we're prepared to make an exception. This is what Clover has let punters be known might be coming their way for the year to June, as a result, they suggest, of lower input costs, strict measures for the control of overheads, the launch of new products, and reduced interest charges due to lower capital spend. And this – should you need reminding – in the face of rising unemployment, declining GDP and a shaky rand, not to mention the sugar tax and VAT increase, all of which saw the producer increasing prices across the board.

Comment: Also, it must be said, these expected results are coming off a base significantly lowered by last year's drought. But still.

[IOL 08/08/18](#)

Aspen

Is it Aspen too much?

Time to pay a visit to our old friend Aspen Pharmacare, which has perhaps lost its youthful bloom reputationally but remains on a growth tear which has lasted five years and shows no sign of abating. By way of reminder, Aspen enjoys a market capitalisation of around R131bn, operating in 50 countries and supplying product in another 100 on top of that. While it is the world's ninth-largest producer of generic medicines, it seems to have been focusing of late on specialist medicines. It's also recently unloaded its nutritional business, and while acquisitions are ongoing, organic growth is somewhat lower, a fact which has put the wind up some analysts, among whom there's a call for renewed strategic focus.

Comment: That said, it has boldness which has carried the business thus far, and boldness which could yet carry it further.

[Business Times 12/08/18](#)

TRADE ENVIRONMENT

VAT

VAT's interesting...

A ministerial panel of experts has recommended the expansion of a list of items which should be zero-rated for VAT purposes. The items, which include white bread, white flour and cake flour, sanitary products, nappies and school uniforms, will cost the fiscus an additional R4bn annually, but about 70% of the relief from the ratings will benefit SA's poorest households. Infant milk formula and frozen chicken parts were also recommended by the panel, which was appointed by Minister of Finance Nhlanhla Nene, but were rejected: at an additional cost of R6bn annually, they would have been a bridge too far for our currently embattled treasury. Items like books, mango atchar, broadband internet access, noodles, yoghurt and VAT on property and rent were also considered for exemption but ultimately rejected.

Comment: Some hard decisions, not taken lightly, and for all the right reasons. Although we have long considered mango atchar a basic human necessity.

[The Citizen 13/08/18](#)

IN BRIEF

Shoprite

Just deserts

In Namibia, where Shoprite has received some serious stick from government and labour alike for its employment practices, it has dropped a R4.5m suit against 93 of its workers who went on strike in 2015 at a tricky time of year for the Big Red One. Tensions still prevail, however, and let's face it, suing the workers is never a good look.

[The Namibian 08/08/18](#)

Choppies

Weeeeeeeelllll, I'm a lumberjack and I'm OK.

Look, we're only reporting this here so you won't have to read it from our more unscrupulous and less sensitive competitors, but up in Zim, Choppies are deterring skirt-wearing shoplifters by placing a sturdy log over store exits. Light-fingered punters are forced to hurdle the log, out drops the merchandise from between their knees, and Bob was once your auntie.

[Tatler Reporter 14/08/18](#)

International Retailers

Buying and celling

Good on ya Sainsbury's, which has just launched a cell phone-operated scan-and-go cashless store near the Clapham North Underground station in south London. It's not even a self-checkout – once you're done shoplifting, you brandish your phone vaguely in the direction of the front of the store, and out you saunter. Over in the USSA, in the meantime, Aldi is taking on Walmart and Kroger, and dare we say it even Wholefoods, with the launch of more fresh, organic, vegetarian, and vegan lines. And back across the pond, the Carrefour/Tesco deal, which we're calling Le Monstruosité, is due to go live in October.

[Tatler Reporter 14/08/18](#)

THE WEEKLY GURU

"Whichever party is in office, the Treasury is in power."

Harold Wilson

For further information:

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

Editorial:

Nick Paul: nick@tradeintelligence.co.za

Advertising Sales:

info@tradeintelligence.co.za

