



11 March 2021

A sad farewell this week to Peter Matlare, former CEO of Tiger Brands, whose legacy is examined a little below. A lion of South African business has passed. In other news, Massmart unveil the full results, and a glimmer of hope for lovers of HP Sauce. Plus many interesting trends in international retail. Enjoy the read.

RETAILERS AND WHOLESALERS

Massmart

Tightening the ship

So the final Massmart numbers are in for the year through December 2020, and things went pretty much as advertised in the recent trading update: total sales down -7.7% to R86.5bn, with a net loss of R1.8bn, with write-downs of R798.7m, mainly related to its Cambridge and Fruitspot businesses, and foreign exchange losses of R381.1m. On the upside, the business managed to reduce operating expenses, and delivered a trading profit of R1.17bn, up +5.5% from last year. What's the plan? "We are also now moving beyond our turnaround imperative to align the Group portfolio to our strategic objective to prioritise investment in core and high-returning trading assets," said the business, in a statement which translates to "close underperforming stores". Accordingly, it is looking into the disposal of its Cambridge Food, Rhino and Massfresh assets.

Comment: As Massmart closes underperforming stores and business units, it opens up further space for the resurgent independents. Ongoing support being brought in from Walmart in the form of resources (including a R4bn loan facility), programmes and expertise will hopefully help defend its market share.

[Business Day 08/03/21](#)

SPAR

Local hero

Self-described "normal, Eastern Cape boytjie" and new SPAR CEO Brett Botten has definite ideas about what drives the ongoing performance of the business. "We have to continuously look after the wellbeing of our retailers, their growth and profitability," he says. "Their success is our success." He also points to the post-lockdown promise of Tops: "The large footprint of Tops liquor stores near SPAR stores highlights the strength of the Tops brand in attracting weekend shoppers to our stores because of the convenience of a 'one stop' shop," he notes. He remains concerned about the South African shopper though: "We are worried about the health of the consumer. There have obviously been the additional government grants and all the relief that has assisted significantly, but that is now drying up."

Comment: The membership model remains at the heart of the SPAR business. Suppliers who wish to list with this force of SA retail would do well to bear that in mind.

[The Times 07/03/21](#)

Shoprite

Banking goodwill

Still adding services hand over fist this week to its already brimming basket is Shoprite which has announced that punters will be able to deposit cash directly onto their bank cards at till points in any Shoprite, Checkers or Usave store. What's the thinking? "Cash deposits at till point offer a new level of convenience and safety for our customers, many of whom earn their wages in cash, and live in rural or remote areas without easy access to ATMs," says Jean Olivier, General Manager: Financial Services. "Together with a range of in-store Money Market services, this new functionality means we're now able to process an even greater number of financial transactions, making our supermarkets a real one-stop shop." Customers will be able to make deposits of up to R3,000 into their accounts at most major banks, in addition to the cash withdrawals, money transfers, and bill payments that Shoprite already offers in what is now pretty much a full basket of banking services. They will naturally be inclined to spend some of that cash in store.

Comment: Shoprite may not have been the first retailer to get into financial services, but typically, it has expanded its efforts in this area more comprehensively than most, with a sharp eye for the offering most relevant to its shoppers.

[Tatler Reporter 07/03/21](#)

International Retailers

Rise of the robots (again? Ed.)

In the US and A, Kroger has teamed up with British tech outfit and retail force Ocado to launch online grocery, and its first robotically-prepared order – containing what and to whom are closely guarded secrets – has already shipped from a purpose-built DC in Ohio. Ocado reputedly are providing Kroger with the lowest cost-to-serve and greatest capacity in the industry. In the UK, in the meantime, Ocado will be paying punters using the M&S delivery service they run with a very small deposit on each plastic bag they return. Unrelated, but huge: Tesco will now be stocking a squeeze tube of Nando's Sweet Chilli Jam; also unrelated, they plan to offer a fake meat alternative from such brands as Vivera, Beyond Meat, Impossible Foods, Lightlife Foods and MorningStar Farms to each and every one of their meat products

by 2025 and will be encouraging shoppers to buy the former. And back in the US, Walmart have launched a fintech partnership with venture firm Ribbit Capital, presumably to attempt in that strangely conservative geography what Shoprite is already doing here in the Beloved Country.

Comment: Trends, everywhere you look. Slippery little fellers, aren't they? So what have we learnt? Go big on fintech, delivery tech, recycling, and piquant condiments, is our advice to you.

Tatler Reporter 07/03/21

MANUFACTURERS AND SERVICE PROVIDERS

Pioneer Foods

Cold sauce

You. Cannot. Get. Actual. HP. Sauce. Any. More. Let those words sink in for a minute, then ask, as the rest of are, "Why?" Turns out that Pioneer Foods – owned now as you know by PepsiCo, which is said to have some global swing – has lost the license, or let it lapse when it expired last May, and they will not be seeking renewal. The same, incidentally, applies to Lea and Perrins, which, like HP, Pioneer was distributing under license from Kraft Heinz. The news has sparked a brisk black market in the remaining bottles, with aficionados travelling to far-flung locations to snaffle up the last remaining bottles. Woolworths, in the meantime, seems to know something others don't, hinting that another business may take up the licence. "We continue to monitor for an update on where the licence will be awarded and we will restock products as soon as possible," says the Dapper One. Fans of PepsiCo Salt and Vinegar Chips, also discontinued, will be heartened to know that they'll be back on the shelves in Gauteng to coincide with the Local Lay's UEFA Champion's League 2021 campaign.

Comment: Brands have become a part of the rich tapestry of human life. People feel a genuine functional and emotional connection to these avatars of commerce and industry. Neglect them at your peril.

The Times 04/03/21

Tiger Brands

The Lion Sleeps Tonight

This week marks the passing from COVID-19 complications of Peter Matlare, who had the helm as CEO at Tiger Brands from 2008 to 2015. A lion indeed of South African business, he also left his mark at the SABC during his tenure as CEO, and more recently as Deputy CEO at Absa. "He had a vision of creating a 'new' Tiger that would showcase all the talent of our continent and strove to build the first African FMCG Champion, a vision that attracted some great talent to the company," says Tiger. "In pursuing this, he had the courage to invest in growing our business outside of South Africa. This courage only exceeded by the way he subsequently owned and took personal accountability for these investment decisions." Tiger are of course referring to the ill-fated investment in Dangote Mills in Nigeria, a geography where almost every South African business that has tried, has failed.

Comment: A devastating loss to the business community and our own sector. Fortunately, the man inspired and mentored enough new South African leaders to cement his great legacy.

Tatler Reporter 08/03/21

TRADE ENVIRONMENT

GDP

Miracle wanted

Back in 2019, we were in a state of economic crisis – joblessness, stagnant GDP growth, the ratings agencies scratching at the door, business confidence through the floor. Good times, good times. It's going to take us until 2024 to get back to where we were in those heady pre-COVID days. While the economy grew by +1.5% in the fourth quarter last, for an annualised growth rate of +6.3%, according to the hoary sages at StatsSA this was off a very low base, with negative growth of -7% in 2020 compared with 2019 – the biggest fall in economic activity since at least 1946. And to make matters worse, GDP per capita has been declining since 2014. On the upside, agricultural production proceeded unchecked, and grew +13.1% for the year. Manufacturing was down -11.6%, and trade -9.1%. With growth expected to hover around the +2.5% to 3% mark, it will take until 2024 to get back to pre-pandemic levels.

Comment: And yet. We have pulled off political miracles. The existence of our Beloved Country, every day, is a social miracle. An economic miracle, driven by our innovative businesses and talented people is not beyond the bounds of possibility.

Tatler Reporter 09/03/21

THE WEEKLY GURU

"If a man does not have the sauce, then he is lost. But the same man can be lost in the sauce."

Gucci Mane

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