



24 November 2022

Well, that bacchanalia of bargain hunting, Black Friday, is almost upon us, and for many South Africans it's a means of eking out what budget remains for the year rather than treating themselves to consumer electronics, see Trade Environment below. Also, trading updates from Woolies and Tiger, and the full monty from SPAR. Enjoy the read.

## YOUR NUMBERS THIS WEEK

**R135.6bn**

SPAR Group turnover, +6% for the FY

**+23.3%**

projected **turnover growth** at **WV** for first 20 weeks of FY2023

**84%**

of South Africans will buy **everyday necessities** over **Black Friday**

**62%**

of shoppers plan to **spend less** on **Black Friday** vs last year

**+48%**

minimum projected **HEPS increase** for the year at **Tiger Brands**

**29m**

**hectares** covered by **palm oil plantations** globally

## RETAILERS AND WHOLESALERS

### SPAR

#### The L words

Last week we reported briefly on SPAR International's results, this week we take a deeper dive into the numbers back home, for the full year through September. Group turnover was up a solid +6% to R135.6bn, with SPAR Southern Africa – accounting for 65% of revenue – growing +8.4% to R88.1bn. Also here at home, core grocery revenue was up +5.3%, while TOPS – coming off a low base of lockdowns and looting – absolutely shot the lights out at +42.6%. Abroad, the results were more muted, with growth trickling in at +3.2% for Ireland and +1% in Poland, and revenue shrinking to the tune of -1.1% in Switzerland. Groupwide, operating profit grew just +1.1% to R3.4bn, held down by the twin demons of fuel and energy costs, and also by expenses related to a SAP implementation, which the Group rightly sees as a necessary investment in future efficiencies. In Southern Africa, the Group opened a net 69 stores for a total of 2,509 stores; under the SPAR brand 45 were added for a total of 1,024.

**Comment:** The revenue growth is promising as we look forward to a more normal FY2023. [For more on those results, click here.](#)

Trade Intelligence Analyst 17/11/22

### Woolworths

#### Back in black

A trading update from Woolies, who has indicated that sales grew +23.3% for the 20 weeks ended 13 November compared with the same period last year. Fashion, Beauty and Home (FBH) increased revenue by +10.8%, with food up +7.3% and growing trading space by +3.2%. This despite load shedding, which impacts the business in lost sales, wasted produce, and an increase in spending on diesel to keep the gennies running and the lights on. Downunder, things seem to be on the up and up, with sales at David Jones' increasing by +55.3%, and at Country Road Group by +36.2%, thanks to the launch of new ranges at both. As punters in that blasted geography returned to stores, online sales declined by -13.7%. Back home in the Beloved Country, FBH online sales grew +1.5% while Food rose +26% as the business continues to focus on expanding its Dash on-demand offering. Woolies expects that half year HEPS – a widely accepted measure of profitability – will likely increase by more than +20% when the full results come in.

**Comment:** A great South African business makes a comeback. Had us worried for a bit there, buddy.

BizCommunity 16/11/22

### In Brief

#### Fashioning the future

**Checkers** is (ahem) rolling out new shopping trolley baskets made from 100% recycled plastic – mainly superannuated milk bottles – at a saving of over 40 tons of recyclable material from landfill. Checkers' trolleys have contained at least 35% recycled plastic for a couple years now. Moving on, **Pick n Pay** has announced the launch of Futurewear, a partnership with fashion designer Gavin Rajah that will support and provide creatives with mentorship in business and the practical application of their skills in a commercial environment incubating talent, refining the creative process and helping young designers entrench their brands in the South African market – all while providing Pick n Pay with some of the edge it will need if it wishes to be a serious player in the apparel trade. Finally, the **Shoprite** Group's greenhouse-gas (GHG) emission reduction targets have been approved by the Science Based Targets initiative (SBTi), which mobilises companies to set science-based targets. The Group has committed to reducing emissions by -42% by 2030 on a 2020 baseline, and to reducing emissions from the use of products it sells by -25% during the same timeframe.

**Comment:** As retailers get more serious about sustainability targets, suppliers will increasingly be called upon to support their efforts.

Tatler Reporter 21/11/22

## International Retailers

### Eggshattered supplies (No. Ed)

In the UK, where they like to dip their toast soldiers into their soft-boiled breakfast eggs, these are now in short supply. The eggs, obviously, not the soldiers: a combination of high input prices and an avian influenza outbreak has reduced production, causing retailers like Tesco, Aldi and Lidl to set purchase limits at three boxes per customer until the supply chain crunch is sorted out. Over in the US, another shortage is threatened, namely that of large retailers, as the proposed merger between **Kroger** and **Albertsons** remains unconsummated. The deal, say employees, state attorneys general and antitrust experts, will result in store closures, fewer choices and higher prices for shoppers while putting pensions, pay and jobs at risk. Meh, say Albertsons shareholders, who might be in line for a \$4bn payday should it proceed. And now to Bulgaria, beneficiary of rising prices in Greece: Greek punters wait for hours at the border in order to nip across and purchase all manner of goods, particularly dairy products, the prices of which have risen +40% in Greece.

**Comment:** We will remember these days as the era of glitchy supply chains – or perhaps the beginning of a prolonged period in which nothing can any longer be taken for granted.

Tatler Reporter 21/11/22

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## MANUFACTURERS AND SERVICE PROVIDERS

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### CHEP

#### Smooth on the pallet

For suppliers and retailers, owning supply chain equipment means it becomes an obligation whenever it's not in use. Enter CHEP, which with approximately 300 million pallets and containers in circulation worldwide, is able to use economies of scale to provide cost-effective solutions to customers, taking this equipment off their books. And it's not just pallets: CHEP's circular business model enables it to serve its customers through devising smart solutions for every partner in the supply chain thereby minimising the impact on the environment and improving the efficiency and safety of supply chains across the world. For instance, its Returnable Plastic Containers (RPCs) enable fresh produce suppliers all around sub-Saharan Africa to pack and ship fresh food, streamlining the way products are delivered and presented throughout the retail sector. The RPCs are suitable for retail display, storage and transport, they are cost effective, easy and safe to use, eliminating single-use packaging from the supply chain.

**Comment:** Sustainable supply chain solutions at scale: that's the ticket. For more on the stable of products and services offered by CHEP, [have a look over here](#).

Tatler Reporter 21/11/22

### Tiger Brands

#### Still burning pretty bright

Another trading update, this time from the Striped One, which has let it be known that things are looking fairly cushy despite the tricky conditions. It has been able to pass some of its rising input costs onto consumers, it says, and is growing nicely on our continent. Tiger brings 154 of its brands to market, in some 55 countries around the world. Also of note is that the business has for the moment decided to keep its Western Cape canning facility open for the interim, as it has prevailed upon organised labour, its own employees, and the Canning Fruit Producers Association to facilitate the talks between itself and potential buyers, as yet unnamed. Other headwinds the business has faced include the ongoing fallout from the 2018 Listeria outbreak, and the Purity Essentials baby powder recall, which cost the business somewhere in the order of R20-25m earlier this year. Having weathered these storms, Tiger is now on track to achieve HEPS of 48%-53% higher for the year through September.

**Comment:** Something of a bellwether, if you like, for the challenges and pitfalls which threaten our great manufacturing sector, and the ongoing strength of these businesses.

Business Day 16/11/22

### Value Chain Solutions

#### Oiling the wheels

According to local value chain advisory and solutions outfit Value Chain Solutions, the demand for palm oil – the most widely used vegetable oil in the world – continues to grow and sourcing it sustainably has become an increasingly complex problem. Palm oil plantations currently cover more than 29 million hectares of the earth's surface. While it can be produced sustainably, its expansion in certain areas has led to deforestation, biodiversity loss, peatland destruction and potential human rights violations. The first step to achieving sustainability in the palm oil value chain is to establish the traceability of the product. Interestingly, the pressures on supply chains resulting in part from COVID-19 have been driving strategic partnerships and value chain traceability and visibility resulting in the dawning of a new age of collaboration in this regard – which is also powered by big data and processing capability.

**Comment:** For more detail on this pressing topic, [have a look over here](#).

Tatler Reporter 16/11/22

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## TRADE ENVIRONMENT

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### Consumer Spending

#### The Black Parade

If Black Friday had a mascot (don't get any ideas...) it would be a 75-inch television wearing a T-shirt emblazoned with

the legend “Will you be my Daddy?” The consumer holiday is, as you know, associated with super-low prices on last year’s big-ticket electronics. In South Africa – and perhaps in many other parts of the world – this perception is far from reality. According to a survey conducted by Debt Rescue, 84% of South Africans say they will be bargain-hunting for everyday necessities like food and toiletries over Black Friday. “People have had to ride the wave of relentless cost-of-living increases to make it through 2022, and all indications are that they will be taking a far more responsible and planned approach towards Black Friday deals this year,” says Debt Rescue CEO Neil Roets. And in bad news for retailers, 62% of respondents said that they plan to spend less this Black Friday compared to last year, with 52% planning to spend under R1,000. And interestingly, 77% of shoppers intend to pay cash rather than using a credit card, suggesting either that they have maxed out their debt or are unwilling to incur further credit.

**Comment:** Tough times, whichever way you slice it.

Business Tech 21/11/22

## THE WEEKLY GURU

“How many things I can do without!”

Socrates

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