

# Trade Tatler

NEWS FROM THE CONSUMER GOODS INDUSTRY – FRESH EVERY WEEK

16 May 2024

Welcome to another week in this great industry we call home. And speaking of, you should hurry up and [book your seat at next month's Africa's Big 7](#) food and beverage retail conference, where you will find a global lineup of exhibitors, food and beverage communities, and industry leaders. And where, if you're smart, you'll catch our very own Andrea Ellens providing the lowdown on the trends that are shaping retail, now and into the near future. In the meantime, enjoy the read.

## YOUR NUMBERS THIS WEEK

0

intention by **Massmart** to replace all **Games** with **mini-Makros**

R9.6bn

value of **SA's pet retail market**

20%

stake likely to be held in **sub-brand Viva** by **Shell**

500

**7-Elevens** in Japan fitted with **Sony's** ad-response cameras

-1%

decline in **nominal incomes** since 2016

R127

**debt** for every **R100 brought home** by those earning R20k pm

## RETAILERS AND WHOLESALERS

### Makro

#### I know a little place...

More on Massmart's cunning plan to open smaller-format stores in South Africa's malls: apparently, it's a rejig of an idea they considered but shelved ten years ago, i.e. to convert Game stores into Makros. But it seems some in the business still felt there was value in the Game brand. And indeed, while the new iteration will see the conversion of certain Game stores to smaller Makros as a trial, the intention is not to replace the Game brand, but – according to group corporate affairs chief Brian Leroni – to make Makro stores more accessible to a wider market through a small, mall-based store concept. "If the concept is successful, we will follow our normal real estate procurement processes to secure the best sites most suited to the format," says Leroni. Still no finality on where the first four will be located.

**Comment:** Smart. Makro is one of SA's best-loved retail/wholesale brands, but its stores are not currently known for their convenient locations. This will change all that.

My Broadband 12/05/24

### Food Lover's Market

#### Pet projects

Sidling into the burgeoning pet category this week is Food Lover's Market through a partnership with VetsMart, a pets' goods retailer currently trading in Namibia and South Africa. "This partnership will allow us to meet more of our customers' pet family needs with a range of speciality pet products and services," explains Byron Stain of Food Lover's. VetsMart stores will be adjacent to Food Lover's Markets, a 'one-stop' approach that has worked well with Market Liquors and Seattle Coffee Co. The pet supplies market is showing healthy growth at a projected +12.74% and is currently worth R9.6bn here in the Beloved Country. And Food Lover's is not the first to notice – with Checkers' Petshop Science chain up and trading, and Woolies' acquisition of Absolute Pets now approved.

**Comment:** Foods, medications, grooming products, and toys – this is a fairly high-margin category, and one where brand loyalty still holds some swing. Smart move.

Supermarket & Retailer 15/05/24

### In Brief

#### The Shell game

For anyone stressing about the disappearance of the **Shell** brand, and associated jobs from forecourts around South Africa: don't. What is likely to happen is that Shell will take a 20% stake in the smaller Viva sub-brand, as it's done elsewhere in Africa, seeking a local partner for the other 80%, with all 600 of the existing forecourts (hopefully) continuing to pump out petrol, diesel, and coffee alike. Next, congrats to **Shoprite** (and of course **Usave** and **Checkers**) for their showing at the recent SA Dairy Awards. They entered products across their extensive own-brand ranges – Checkers Housebrand, Shoprite Ritebrand, Usave Ubrand, Crystal Valley, Royale, Simple Truth, Oh My Goodness! and Forage and Feast – and won in four categories, for products from Simple Truth, Crystal Valley, and Ubrand. And finally, nice work from **Dis-Chem**, whose Dis-Chem Foundation #BetterTomorrowStartsHere initiative has pledged R12m to the Charlotte Maxeke Johannesburg Academic Hospital's pulmonology department towards a ERBECRYO 2 device that enables faster screening for lung cancer.

**Comment:** Dis-Chem is doing an admirable job of embedding its brand values of primary health care for all into every part of its business – including its philanthropy.

Tatler Reporter 14/05/24

### International Retailers

#### Northern exposure

To the gleaming aisles of Sweden, where the discerning burghers of that chilly geography are turning in ever-increasing numbers to **discount grocery retail**. Turnover in the Swedish discount trade grew by approximately +8% annually between 2004 and 2021, compared with 3.5% for the retail trade as a whole. And while the number of chain-affiliated retail stores diminished by -7.6% from 2017 to 2022, the number of chain-affiliated discount stores increased by +8%. Lidl now has 205 stores in-country, and rival Dollarstore has 130. Just a hop across the Arctic Circle, Sony has developed an AI-powered camera solution that measures the effectiveness of in-store marketing, and it has been installed at a total of 500 **7-Eleven** stores in Japan. The system measures and analyses how effectively digital signs capture shoppers' attention, by tracking whether and for how long the customer looked at an individual sign.

**Comment:** If a powerhouse like Sony is behind this, it brings us appreciably closer to the holy grail of truly effective advertising.

Tatler Reporter 14/05/24

SAB

In praise of the Shades

In news that reveals much about who we are as a country, and about the unique interplay between consumer brands and the lives of real South Africans, Castle Milk Stout and the Congress of Traditional Leaders (CONTRALESA) have, since 2021, been on a joint crusade to have Ancestor’s Day enshrined as a national day of commemoration in South Africa. The Ancestors are a powerful spiritual force in the lives of many South Africans and peoples elsewhere in the region. Together with traditional communities, traditional healers, heritage practitioners, spiritual mediums, and cultural custodians, the partners have worked tirelessly to have this significance marked with official recognition of Ancestor’s Day on the 8th of May – without success as yet. In the meantime, they will jointly host the annual Ancestor’s Day Imbizo – a celebration of the Ancestors through the lenses of education, music, art, and fashion.

**Comment:** A worthy cause, and a powerful and legitimate use of the brand’s influence.

Retail Brief 10/05/24

In Brief

Rhodes Runners

Tough times for embattled sugar giant **Tongaat Hulett**, which has again been ordered by the Durban High Court to pay the outstanding levies it owes the South African Sugar Association (Sasa). The levy is designed to ensure that all farmers get the same price per ton of sugar and larger producers subsidise smaller ones. The rest of the industry has been forced to pick up the shortfall caused by Tongaat’s non-payment. To happier matters, haircare brand **Sta-Sof-Fro** has announced that it will be an official sponsor of Soweto Fashion Week, cementing the brand’s connection with the creative realm. “Remarkably, some hairstyles have endured through centuries, maintaining their relevance and symbolism. Black hair, in particular, stands out for its malleable nature allowing for the creation of intricate symbolic meanings by artists and individuals alike,” says brand manager Pearle Peane. Next up, beloved fast-food and hot sauce brand **Nando’s** has launched its Hot Young Designer Talent Search 2024, in which hopefuls have been challenged to design their take on room divider screens, ideas which Nando’s interior designers may then utilise in its restaurants. And finally, big congrats to **Rhodes Food Group** and all of the runners (including our very own Head of Interactive Insights, Andrea du Plessis) in the Rhodes Quality Half Marathon run on Worker’s Day in and around Wellington. “We are excited to be part of a heritage event that celebrates health, wellness and family in the home of our juice factory,” says Head of Marketing Maria Soares.

**Comment:** One of the most effective uses of a brand’s marketing spend is putting its resources behind a sporting endeavour that aligns closely with its identity.

Tatler Reporter 15/05/24

TRADING ENVIRONMENT

Disposable Income

A day late, a dollar short

The DebtBusters First Quarter 2024 Debt Index is out, and you’re not going to like it. As you’d expect, a lack of actual economic growth has put the kibosh on the salaries of South Africans, while any disposable income they do have is being eroded by persistently high interest rates and inflation, especially food inflation. And the situation seems dire wherever they find themselves on the economic spectrum. Take debt for example (please!!). The debt-to-income ratio for people taking home more than R20,000 per month is 127% (i.e. for every R100 in income, they have R127 debt), according to DebtBusters, but 172% for those earning R35,000 or more – close to the highest ever level. “What continues to be apparent is how higher-income earners are using credit to offset the dual impact of inflation and interest rates – now 475 basis points higher than in 2020,” says executive head Benay Sager. And while nominal incomes are -1% lower than they were in 2016, the cumulative inflation growth over the eight-year period was +48%.

**Comment:** For more on the numbers that comprehensively describe the state of the dear old South African economy, have a look at this [excellent monthly summary from Trade Intelligence](#).

Supermarket & Retailer 08/05/24

THE WEEKLY GURU

“Debt is the slavery of the free.”

Publilius Syrus

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