

# Trade Tatler

NEWS FROM THE CONSUMER GOODS INDUSTRY – FRESH EVERY WEEK

02 May 2024

There is a misguided but popular view that issues of sustainability are not the province of businesses whose only concern is shareholder value. To proponents of this view, we say, consider the case of SAB, which is working to restore watersheds in the only region of South Africa where hops may be grown. Businesses benefit directly from biodiversity; it's in their interests and those of their shareholders to preserve this precious but vanishing resource. Enjoy the read.

## YOUR NUMBERS THIS WEEK

**+13.5%**

increase in HY  
operating profit  
at Clicks

**20**

UNIQ clothing at  
Checkers stores  
now trading

**114**

awards taken by  
Woolies at the SA  
Dairy Champs

**20%**

Q1 volume growth  
of Heineken in  
Nigeria

**2,000ha**

of Outeniqua  
catchment restored  
by SAB & WWF

**+1.1%**

rise in April's  
Household  
Affordability Index  
basket

## RETAILERS AND WHOLESALERS

### Clicks

#### Strong medicine

Interims time for Clicks, and the worthies there, under the able leadership of Bertina Engelbrecht, have served up a solid set of numbers, with Group turnover up +9.0%, operating profit up +13.5%, and retail turnover storming through at +12.4% for the six months through March. Like-store sales were up +8.8% with 41 stores opened and 8 stores acquired in the last year, with a total of 902 Clicks stores up and running. Pharmacy sales grew +8.7%, with front shop health up +9.5%, beauty & personal care up +17.1%, and general merchandise up +14.0%. And – a number not often reported at this level of detail – the business recorded market share gains in most categories, including pharmacy (23.5% to 24.3%), skincare up from (42.9% to 44.1%), haircare (32.9% to 33.3%), and personal care up from 20.6% to 21.8%. Interestingly, baby was down slightly from 21.3% to 21.0% in the face of stiff competition from the likes of Dis-Chem and Checkers. The venerable ClubCard added a fresh million members versus a year ago, for a total of 11 million. On the downside, wholesale growth at UPD was up only +1.3%.

**Comment:** With CAPEX plans of R920m for FY2024, Clicks is clearly of a mind to keep this streak going. [For more information, read our summary here.](#)

Tatler Reporter 02/05/24

### SPAR

#### Follow the money

How is SPAR doing these days? Let's ask the good people over at Coronation, who with over R600bn under management, know a thing or two about where to stash your wedge. As recently noted here, SPAR's share price has declined to the tune of -52% over the past five years; not a good sign surely? It's a buy, says Coronation, who has divested themselves of a good-sized chunk of the profits from their successful investments in Richemont and banged it into SPAR. "SPAR experienced a tough 2023 as poor implementation of SAP at its key KwaZulu-Natal warehouse resulted in significant lost sales. This is slowly turning around, and recent trading updates indicate that SPAR is maintaining its market share in a tough retail environment," explains senior portfolio manager Neville Chester. He also expects that things will look up significantly as SPAR completes its exit from the Polish operation. Coronation is also talking up Dis-Chem, in which it now holds around 30% of stock.

**Comment:** The goodwill that attends SPAR these days stems in part from its long history as an innovative and prudently managed business, its recent travails notwithstanding.

Businesslive 26/04/24

### In Brief

#### After a fashion

Affordable basics are the new black, as anyone with a teenage girl in the family will tell you. Riding the trend this week: **Checkers**, who has just opened its 20th UNIQ clothing store, having launched just last year. UNIQ with its timeless designs, premium fabrics, and fast self-checkout systems is based unabashedly on global behemoth Uniqlo. Another fashion milestone: **Woolies'** posh Aussie clothing brand, Country Road, is celebrating its 50th anniversary, having launched on these shores 26 years ago. On the downside, Country Road recorded a -5% decline in sales for the six months through December, mainly because of challenging conditions in the blasted Antipodes. Sticking with Woolies, the business once again won big at the SA Dairy Championships taking home 114 awards, including 37 first, 35 second and 27 third prizes. Among these was the prestigious SA Dairy Product of the Year award for its Woolworths 10 Months Matured Gouda. Finally, huge congrats to our friends at **Unitrade Management Services (UMS)**, whose KZN Super Save Foodtown store received the International Grocery Association (IGA) Retailer of the Year award for Africa in the recent Las Vegas ceremony.

**Comment:** Congrats all around.

Tatler Reporter 30/04/24

## MANUFACTURERS AND SERVICE PROVIDERS

### Heineken

#### A zillion green bottles...

Second-largest brewer globally Heineken has let it be known that beer volumes grew +4.7% organically in the January-March period, beating the +2.5% projection by analysts. Volumes took a major hit in 2023 as the business increased prices to offset rising costs of inputs from energy to barley. The business recently forecast poor operating profit growth of somewhere in the single digits after uncertainty in two major markets, Nigeria and Vietnam, where economic conditions dragged on performance

last year. As it turned out, both did quite well this quarter, with Nigeria up +20% and Vietnam in the low teens. In Brazil, the Heineken brand became the No. 1 beer by value in the quarter. Still, the business is far from sanguine about conditions going forward. “Despite the solid start to the year, we cannot extrapolate the reported top-line growth to the rest of the year,” they said.

**Comment:** For those readers with a stake in South Africa’s own retail liquor market, have a look at our [Liquor Retailing in South Africa report here](#). It’s a cracker.

Tatler Reporter 24/04/24

<https://www.businesslive.co.za/bd/companies/retail-and-consumer/2024-04-24-heineken-sticks-to-profit-forecast-as-beer-sales-rise/>

## In Brief

### Brewers vs. aliens

Congrats this week to Unathi Mhlatyana, appointed by **Mondelēz International** as managing director for Southern Africa. He joins the business fresh from a three-year stint as Managing Director at McCain Foods and previously as Senior Director and General Manager South African Snacks (Simba) at PepsiCo. Moving on, **The Foundation L’Oréal**, in partnership with UNESCO, is excited to announce the sixth edition of the Women in Science Young Talent Search in South Africa. Successful candidates will receive grants that provide substantial support for their doctoral and postdoctoral studies, empowering them to continue their critical and innovative work. Finally, kudos to **SAB** who in a decades-long partnership with WWF has helped eradicate alien vegetation from 2,000ha in the Outeniqua watershed, which is home to the only region in the country suitable for growing hops. Alien plants reduce water runoff by an estimated 45% and use up to 60% of available water during dry seasons and droughts.

**Comment:** Enlightened self-interest can be a powerful tool in the preservation of our natural resources.

Tatler Reporter 30/04/24

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## TRADING ENVIRONMENT

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### The Economy

#### Priced out

The Household Affordability Index published by the Pietermaritzburg Economic Justice and Dignity Group (PMBEJD) has become an essential indicator for businesses interested in understanding how real South African consumers are impacted by macro-economic conditions as they find expression in the price of food. The April 2024 Index and its key data are out, revealing a +1.1% increase of around R58 across a basket of 44 basic foods from 47 supermarkets and 32 butcheries, in Johannesburg, Durban, Pietermaritzburg, Mtubatuba, Cape Town and Springbok in the Northern Cape. “Foods in the basket which increased in price in April 2024 by 5% or more include sugar beans, onions, tomatoes, carrots, spinach, green pepper, and soup,” says PMBEJD programme coordinator Mervyn Abrahams. And a day after Worker’s Day, it’s appropriate to give the last word to General Industries Union of South Africa (Giwusa). “This report clearly shows that the crisis of the cost of living is far from over,” they noted. “It is not getting better either, but worsening.”

**Comment:** A state of affairs which may well animate many South African voters as we move into election month.

Tatler Reporter 30/04/24

## THE WEEKLY GURU

“Earth provides enough to satisfy every man’s needs, but not every man’s greed.”

Mahatma Gandhi

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