

Trade Tatler

NEWS FROM THE CONSUMER GOOD INDUSTRY – FRESH EVERY WEEK

09 November 2023

A busy week in this great industry we call home, with interims from Dis-Chem, a major Woolies acquisition, and big news about snacking from Mondelez. Also, the AGOA negotiations kick off, on shakier ground than we would like; our government could choose its friends more wisely, it seems, and study the arts of realpolitik more closely. Enjoy the read.

YOUR NUMBERS THIS WEEK

-9.5%

Dis-Chem HEPS
for 6 months
through Aug

150

Absolute Pets
stores bought
by **Woolies**

R600k

for the only
Glenfiddich
50YO single malt
gift box in SA

80%

of **South Africans**
believe **chocolate**
is good for the
soul

3

Monde Gold
Awards won by
Castle Milk Stout

\$3.6bn

SA **exports** to
the US under
AGOA

RETAILERS AND WHOLESALERS

Dis-Chem

Dis-Appointed...

Interim results from Dis-Chem for you this week, and the business is very keen to inform us about the +12.2% growth in revenue in the first two months of the second half, although the +9.4% growth to R17.9bn over the period actually in question... not so much. HEPS, a generally reliable measure of profitability, were down -9.5% for the six months through August. On the upside, revenues in Wholesale (to Dis-Chem stores, independent pharmacies, and The Local Choice (TLC) franchises) grew +13.5% to R13.7bn. Retail costs were bumped up by a wage bill that increased by +9.8%, higher diesel costs for generators, higher IT costs to finish the roll-out of the new point-of-sale system to stores, and increased advertising expenditure to pump market share. The business opened or acquired 10 retail pharmacy stores during the period, for a total haul of 268 retail pharmacies and 54 Baby Cities.

Comment: Dis-Chem anticipates that its second half performance will continue strong as it reduces staff costs. For more on those results, have a look at [our handy summary here](#).

[Supermarket.co.za 03/11/23](#)

Woolworths

Woof!

A big acquisition from Woolies this week, the first since (check notes) it went on an ill-advised buying spree in the blasted Antipodes. This one seems solid though: 150 Absolute Pets stores, from Sanlam Private Equity and Absolute Pets management, who will be retained for the running of the business, and who will for now keep the 6% Woolies didn't buy. "The Absolute Pets brand has earned the trust of pet owners across South Africa, and I am truly excited by the opportunities our partnership brings to leverage our joint strengths and expertise to provide even more customers with the best overall pet service and experience in the market," said top-dog Roy Bagattini. Absolute Pets stocks a comprehensive range of foods and other essentials, offers spa services, and has a well-established online offering. The acquisition comes two years after Shoprite opened its first standalone Petshop Science; it has 50 now.

Comment: A sound buy – a proven business which will no doubt benefit from Woolies' supply chain efficiencies and economies of scale.

[Tatler Reporter 08/11/23](#)

In Brief

Actually, I'll have a single...

For big and vicarious spenders alike, **Makro's** Festive Liquor Catalogue is out this week, featuring this year the only Glenfiddich 50-Year-Old Single Malt gift box in the country, yours – or someone's at least – for a peaty R600,000, and a R500,000 bottle of Hennessy's X.O Kim Jones Masterpiece, one of just three in South Africa. For the value-conscious, a collector's edition Veuve Cliquot SMEG Fridge, filled with 36 bottles of Yellow Label, for R89,999. Also from Makro, the Makro Mood brand ad we spoke about last week. It's a vibe. It's something, anyway. Another reminder of the season we are hurtling into is Fairlady's 'Best Buys' Test House 2023 festive edition, which this year named five **Pick n Pay** products as top in their category, namely Crafted Collection's Luxury Brandy Christmas Pudding, Bone-in Gammon and Gammon Sausages, as well as Santa's Village Beef Festive Favourite and Cooked Rolled Pork Belly. In other news from Pick n Pay, its asap! delivery service has announced that it will fully refund all orders over R500 placed between 30 October and 17 November should South Africa win the ICC Men's Cricket World Cup.

Comment: We like to think they came up with the idea for this membership drive before South Africa collapsed so spectacularly to India's bowling attack the other day...

[Tatler Reporter 08/11/23](#)

International Retailers

Are you experienced?

Few grocery retailers globally inspire the loyalty, the passion, the memes, as does **Trader Joe's**, a kind of tiki-bar themed US chain famous for its breezy staff in their Hawaiian shirts and its wildly creative private brands. This week's viral TikTok is brought to us via a Trader Joe's fan who noticed that its new Dutch Griddle Cakes resembled the McDonald's McMuffin. Add an Eggwich Breadless Breakfast Sandwich, and Bob's your aunty. We have long been of the belief that any South African retailer adding a local vibe and some uniquely African lines to their mix could cash in, you're welcome. Speaking of shopping

experience – oldish news – but **Tesco** was voted Britain's favourite supermarket for the ninth year in a row earlier this year in the annual NIQ Homescan survey of more than 7,000 households, very narrowly beating Aldi. Tesco won on shopping experience, availability, promotions, convenience, use of tech and product choice.

Comment: The basics of good grocery retail. But in a consolidated and competitive market, shopper experience will give you the edge.

[Tatler Reporter 08/11/23](#)

MANUFACTURERS AND SERVICE PROVIDERS

Mondelēz

Snack down

A slow news week, so let's take a deep dive – or at least a resounding belly flop – into the Mondelēz 2023 State of Snacking Report. Snacking, you will be pleased to know, is in pretty good shape, unlike our editor. Snacking is seen, according to Mondelēz, as a necessary indulgence, particularly when times are tough. 78% of South Africans report having a snack at least twice a day, while 72% say they enjoy snacking in the morning, including 29% who do so even before breakfast. 86% of respondents snack to spoil or reward themselves, while 80% – the more spiritually inclined – report that “chocolate is good for the soul”. 61% count on snacks in tough times. But snacking in such times is not to be undertaken lightly. “While snacking is a growing trend among South African consumers, it is equally important to encourage mindful snacking,” says Arpun Sur of Mondelēz International. Mindful snacking leads to a better relationship with food which, in turn, leads to people making more deliberate and conscious food choices.

Comment: Well worth a read, particularly for those of our readers looking to dip a toe into this most innovative of categories.

[BizCommunity 30/10/23](#)

In Brief

In London town there lived a humble Schumacher

Spare a thought for **Unilever** CEO Hein Schumacher, whose board has voted to freeze his salary for the next two years. This after shareholders rejected a proposed base salary of €1,85m, a +20% increase on his predecessor Alan Jope's take home. Keeping it European, if tangentially, **Kraft Foods** has introduced two new variants to the Jacobs Barista Editions range; Barista Espresso Italiano and Barista Crema Italiano offer consumers an authentic Italian taste and exceptional coffee experience. Next, big up to Inkunzi Emnyama – **Castle Milk Stout**, which has just taken the 2023 Gold Monde Award for its unwavering commitment to delivering exceptional quality and taste to beer enthusiasts; its third such prize. “Our distinct, rich, smooth, silky, dark roasted malt, caramel and lactose gives the beer a rich complex symphony of smokey, toasted and roasted flavours, giving the beer a smooth and full-bodied taste”, explains Castle Milk Stout marketing manager, Khwezi Vika. Monde Selection is a quality institute that evaluates consumer products.

Comment: Product awards are a critical and sometimes overlooked component of the marketing eco-system.

[Tatler Reporter 08/11/23](#)

TRADING ENVIRONMENT

Trade

Agoa jump in the lake

Worrying news from the US is that our government's support for Hamas and its deepening ties with China, Iran, and Cuba have not gone unnoticed, prompting one Republican congressman, James E. Risch, to write to his administration proposing that “robust changes” be made to the AGOA eligibility criteria. AGOA, the Africa Growth and Opportunity Act, is an instrument for less encumbered trade between African countries and the lucrative US market. Last year, South Africa was the top exporter to the US, with a total of \$3.6bn in exports. Risch's letter hit the news as the AGOA forum got underway. Nothing to worry about according to minister of trade and industry Ebrahim Patel: “We have looked at the mutual beneficial character of our economic relationship as a compelling argument to renew and extend, improve and refine, complement and support AGOA with additional measures,” he says with heartening confidence.

Comment: Indeed, according to US representatives at the talks, our rolling blackouts are of greater concern to investors than the company we keep.

[The Times 05/11/23](#)

THE WEEKLY GURU

“Outside of a dog, a book is a man's best friend. Inside of a dog it's too dark to read.”

Groucho Marx

For further information:

Editorial:

PR and Story Submissions:

Advertising Sales:

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

Nick Paul: nick@tradeintelligence.co.za

tatler@tradeintelligence.co.za

info@tradeintelligence.co.za