



13 July 2023

A relatively quiet news week as South Africa shivers under the komberse and huddles around paraffin stoves. We're a resilient people – almost miraculously so – but we deserve a break. There are some bright spots in the stories below however – Massmart ups its online game, Food Lover's announces its Seeds of Change winner, and Yoco puts more transacting power at the fingertips of SA's small traders. Enjoy the read.

YOUR NUMBERS THIS WEEK

+40% growth in online orders at Massmart in one month	18,000 lines carried by SPAR's Wels DC in Austria	R121m scammed from Tiger Brands in logistics fraud	18.8% of Heineken now owned by Remgro	+40% surge in use of 'Buy Now Pay Later' apps in the US	-15% in value lost by SA's food producers last FY
---	--	---	---	--	---

RETAILERS AND WHOLESALERS

Massmart

Bangalore time

The persistence of Walmart in its partnership with Massmart has been a source of ongoing interest to analysts, following a slow start and a rocky couple of years thereafter. Walmart has after all been known to exit geographies where it has not enjoyed early success. Last year, however, Walmart bought those shares in Massmart which it did not already own and has been hands-on in getting the South African business up to speed. One area of focus has been the website, which it has migrated onto a new micro-services-based platform that delivers new features, improved system performance, and faster development turnaround time. In the month since the switch was made, the rate at which customers transacted on the site improved by more than +30% and orders grew by an estimated +40%. The tech staff now includes 40 local product management professionals who coordinate almost 300 full-time Massmart technologists specialising in UX design and research, software engineering/development, architecture, product operations and product analytics, based in Walmart's Tech Development Centre in Bangalore, India.

Comment: The power of a targeted intervention.

[BizCommunity 04/07/23](#)

Prices

Carbo loading

Every month, data-news outfit The Outlier publishes a price comparison across the grocery retailers based on a carb-heavy basket of 12 items that includes white bread, maize meal, white sugar, cake flour, rice, spaghetti, bath soap, tea bags, milk, peanut butter, oats, and sunflower oil. Most of these are market leaders; some are private label products where the retailer does not stock branded options. The retailers surveyed are **Shoprite, Checkers, Pick n Pay, SPAR, Food Lover's Market, Woolworths, Boxer, and Makro**. The results for June are in, and the three cheapest retailers are Makro at R450.99, Shoprite at R463.88, and Food Lover's at R474.30. Boxer and SPAR are solidly in the middle, while Pick n Pay, Checkers, and Woolies are the priciest. Big features of the June survey were the skyrocketing price of sugar, and the sharp decline in the price of sunflower oil as supply chains normalise through the war in Ukraine.

Comment: Boxer should probably work a little harder to compete in a basket like this, and Checkers, as part of Shoprite's mighty buying machine, could probably also come down a touch.

[Busessech 04/07/23](#)

In Brief

Where do you see yourself in five years?

We don't cover much in the way of HR stories in these pages, but this one illustrates an important principle. The Western Cape High Court has ruled against one Tebogo Kgatle, who received his honours degree from Stellenbosch on a **Shoprite** bursary, joined Shoprite's logistics division where he went full-time in 2021, then jumped ship to Clicks for a better package, against his Shoprite restraint of trade clause. Shoprite generously offered to keep him on; he opted not to stay and is now prevented from working at Clicks or any other competitor. He and Clicks have also been slapped with costs. Onto more feelgood fare: this year's winner of the **Food Lover's Market's** Seeds of Change Partnership is Neighbour Roots, a forward-thinking hydroponic farming business, which along with other finalists has received valuable skills-development input through the programme and will now join the Food Lover's network as a supplier.

Comment: Good things are all around. Congrats to both Food Lover's and Neighbour Roots on what promises to be an excellent partnership.

[Tatler Reporter 12/07/23](#)

International Retailers

On the never-never

An interesting trend from the US is that even as inflation goes down – reaching its lowest level in two years – more Americans are using buy now, pay later (BNPL) apps to finance their grocery purchases. Apps like Klarna, Affirm, and Afterpay – more commonly used for the purchase of big-ticket items like Peloton exercise bikes and rare sneakers – saw a +40% surge in use in the first two months of 2023. Households earning \$20,001 to 50,000 a year, women, and Black and Hispanic adults are more likely to use BNPL, which generally offers interest-free credit if the bill is paid in four instalments. US households are particularly burdened by indebtedness, currently holding a record \$17tr of the red stuff, including nearly \$1tr in credit card debt. Moving on, **SPAR** Austria's central warehouse in Wels has recently completed its fourth expansion since opening in 1998, when all of the 7,000 items it stocked had to be picked by hand. The facility now spans 50,000m², with capacity for 18,000 lines, almost all of them picked automatically, and receives 3,000 pallets every day to serve SPAR stores in Austria, northern Italy, Hungary, Slovenia, and Croatia.

Comment: But back to BNPL – limited-term, low-interest credit is one effective way of driving online footfall and keeping things affordable for punters.

Tatler Reporter 10/07/23

MANUFACTURERS AND SERVICE PROVIDERS

Tiger Brands

Keep truckin'

A tidy resolution in the KZN High Court this week for Tiger Brands, with Judge Jacqueline Henriques ruling against six people who were associated with Jocatus Transport to the tune of R121m. Over the course of five years, Jocatus submitted about 60 fake invoices to the Striped One, for the delivery of non-existent logistics services. The problem was the invoices went straight to accounts rather than passing through the hands of Tiger's logistics department who would very quickly have been able to pick up the gap between services paid for and services rendered. The invoices, tendered between 2009 and 2014, originated with a former financial manager at Tiger Brands, the late Gonaseelan Govender, who disposed of the ill-gotten gains by acts of largesse within his family, *inter alia*. Staff from Jocatus were also involved.

Comment: A not inconsiderable chunk of change, some of which Tiger might see again through the effective application of asset seizure.

News 24 03/07/23

In Brief

Beer necessities

Remgro has developed a powerful thirst for Amsterdam's finest, increasing its stockholding in **Heineken** from 15.5% post-merger with **Distell** to 18.8% just last week, wishing no doubt to participate more fully in the upside of the deal. Next up, a trading statement from **RCL FOODS** warning that HEPS will likely be down -30% YoY due to a special levy raised by the South African Sugar Association (Sasa) on the Group's sugar business unit, the impact of rolling blackouts across all operations, and inflated feed costs in its chicken division. The sugar levy carries a particular sting, resulting as it does from the inability of troubled rival **Tongaat Hulett** to shoulder its share of a blanket levy imposed by Sasa annually on the industry. Finally, congrats to card-machine provider **Yoco** on the launch of its affordable 'Neo Touch' card machine that offers unlimited 4G data and all-day battery life to the owners of the SMEs targeted by the business. All traders have to do to start processing payments and invoices immediately on the small blue device is sign up on the Yoco app for a fee of R899.

Comment: We're in a golden age of tech that provides the trimmings of the formal economy to small business – to the benefit of traders, their customers and their suppliers alike.

Tatler Reporter 10/07/23

TRADING ENVIRONMENT

Load Shedding

Power outage

Much ink has been spilt on the impacts of load shedding on our retailers. What of the producers and suppliers? For them it has arguably been worse, impacting production and demanding ever greater CAPEX to keep the lines running. Tiger Brands, for example, has allocated R120m for the second half to buy additional back-up generators, fuel and water storage facilities, rooftop solar, mobile generators and water tanks, to be operational from July. Our listed food producers have collectively lost almost 15% of market value since the beginning of the year. Farmers perhaps have it even worse, as power cuts affect their entire value chain, from irrigation to processing and storage. The South African Cane Growers' Association estimates that stage 8 load shedding could mean a loss of R2.4bn rand and an almost 65 tonnes per hectare drop in yield. The danger is that as production drops, food prices could climb again even as inflation starts to ease slightly, and ultimately food security could be impacted.

Comment: A fire alarm for our industry. We cannot take the inventiveness and resilience of these great businesses for granted.

Tatler Reporter 12/07/23

THE WEEKLY GURU

"Cheap food is an illusion. There is no such thing as cheap food. The real cost of the food is paid somewhere. And if it isn't paid at the cash register, it's charged to the environment or to the public purse in the form of subsidies."

Michael Pollan

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