



16 August 2024

A storming demand for its rights offer puts a new spring in Pick n Pay's step, Engen reaches a new milestone, Makro makes deep cuts and hits it out of the park, even robots may observe the Sabbath in Germany, Beiersdorf delivers a whole lot of innovation and also some solid results, Weet-Bix experiments with flavour, and the dear old South African economy trundles on, all here, all fresh, in your Tatler this week. Enjoy the read.

YOUR NUMBERS THIS WEEK

±R8bn

for
Pick n Pay's
R4bn **rights offer**

700

Engen
Quickshop &
Co's trading

R17.5m

expansion of
WW's renewable
energy projects

+7.1%

increase in
organic interim
sales at **Beiersdorf**

3

actual flavours
now offered
by **Weet-Bix**

5.1%

CPI YoY
for June

RETAILERS AND WHOLESALERS

Pick n Pay

Know your rights

If Pick n Pay had been selling cans of beans and what have you at the rate it has sold out its rights offer, well it wouldn't have needed a rights offer in the first place. The offer was 106% oversubscribed, with total subscriptions of over R8bn against a target of R4bn. Unfortunately, it can't pocket the excess, but in addition to the cash in hand, it also has the undeniable confidence of shareholders in the way ahead. "The successful conclusion of the Rights Offer demonstrates the market's strong confidence in our iconic brand and in our turnaround strategy," said a visibly chuffed Sean Summers. "We can now intensify our focus on our core Pick n Pay retail business." The dosh will be deployed to pay down debt, stabilise the balance sheet, and invest in the vaunted strategy. With another R6bn expected to come in from Boxer's forthcoming IPO on the JSE, Pick n Pay will soon be fairly rolling in the stuff.

Comment: Some months back, when the offer was mooted, it was held by some to be a sign of weakness. It's looking a little different now.

Daily Investor 05/08/24

Engen

Fully loaded, we got snacks and supplies

Let's take a quick swing by Engen's latest Quickshop & Co. shall we – the 700th of that now iconic retail brand, which opened earlier this month at the Engen Summit Convenience Centre in Midrand. The first Quickshop was launched in 1993, when we were a young man in baggy shorts and Doc Martens, and which impossibly is over 30 years ago now. "Quickshop & Co is at the heart of Engen's convenience strategy, representing our commitment to continually innovate to meet the evolving needs of our customers," explains General Manager: Retail Enoch Hermanus. According to our well-informed estimates, forecourt convenience stores contribute 12.6% of the SA FMCG primary convenience channel, with turnover growing +8.5% to R33.3bn in 2023 from ±3,000 forecourt convenience stores. Engen has 1,093 forecourts around the Beloved Country and by far the dominant share of forecourt retail stores – more than double the number of its nearest competitors.

Comment: A big chunk of change is there for the taking in this critical channel, particularly for brands which are able to bring good vibes and convenience to the great South African road trip. To learn just how to make that happen, take a look at our [Forecourt Retail in South Africa report here](#).

Tatler Reporter 13/08/24

In Brief

Rings of power

Aside from betting large on TV advertising during the Olympics, and stealth-launching a boldish new logo at the same time, **Makro** has been going all in on affordable basket essentials for the past 14 months. An increasing number of customers have been capitalising on these price savings by ordering their groceries online at Makro.co.za and on the Makro shopping app. "The first half

of this year saw both our sales and our number of customers double in this category, compared to last year,” says senior VP for Massmart Wholesale Dries D’Hooghe. Sticking with Massmart, **Game** has expanded its partnership with Uber Eats, so punters can shop for small appliances and electronics from 51 Game stores on the delivery platform. Finally, to the confusion of those who believe our industry takes no material interest in sustainability, **Woolies** has announced a further investment of over R17.5m in renewable energy projects, including solar installations at head office and DCs in Cape Town, and stores in Phalaborwa and Gqeberha.

Comment:

Tatler Reporter 06/08/24

International Retailers

Do androids dream of electric sheep?

In Germany, regional supermarket chain Tegut, based in the central German town of Fulda in the state of Hesse, believed it found a way out of the almost national ban on Sunday trading: 40 fully automated mini-shops, or robo-stores if you will. Essentially, argued Tegut, large, walk-in vending machines, and not prone to the workday stresses of German living, or in need of their Sunday rest. Nein, ruled the hatchet-faced judiciary of the highest administrative court in the state. Sonntagsruhe (that’s Sunday rest) must stand, whether the workers are made of flesh and blood, or, as in this case, not. The stores, which are rustically built to resemble a wooden barrel covered with a living roof of grass, stock 1,000 lines, in such necessities as milk, butter, fresh fruit and vegetables, condoms, and pregnancy tests. Germany’s service sector union Verdi came down hard on the proposition, fearing the knock-on effect any Sunday store opening might have on actual retail workers.

Comment: In this age of automation and AI, every business decision should start with the question: do we believe that people have any purpose other than to consume? Then take things from there.

Financial Times 05/04/24

MANUFACTURERS AND SERVICE PROVIDERS

Beiersdorf

More than skin-deep

A quick check in with our friends at Beiersdorf, who have just released their global interims, and seem to have had a pretty solid six months of it. Beiersdorf brings such respected brands to the market as Nivea, Eucerin and Derma, and grew organic sales +7.1% for the six months through June, with its consumer business, including the Nivea and Derma brands, growing by +8%. In China, luxury skincare range La Prairie faced headwinds, with sales declining, although it continued to outperform the market, and botanical skincare, makeup and fragrance brand Chantecaille also recorded satisfactory growth. The business plans to expand its Luminous630 skin treatment range and launch anti-ageing agent Epicelline® as a key ingredient of some of its Eucerin lines in key markets.

Comment: A very coherent offering across a diverse range of brands and geographies, brought to market by a quietly innovative business.

Investing.com 13/08/24

In Brief

Scrumdiddlyumptious

Congrats to Vilosha Soni, recently appointed as Chief Marketing Officer of **PepsiCo** South Africa . And farewell to **Astral Foods** CEO Chris Schutte as of Jan 2025 – a poultry man these forty years past and with 16 years at the helm, one of the longest serving CEOs on the JSE. Moving on, a flurry of new flavours: first, five new variants for the **Rhodes** Quality fruit nectar juice range, namely Apple, Guava, Tropical, Mediterranean and Red Grape. Next, in a first foray into the fabulous world of flavour, **Pioneer’s** iconic **Weet-Bix** cereal has launched Flavorists, which is, to be clear, a range of flavoured Weet-Bix, with the inaugural variants of Cocoa, Strawberry, and Banana. And not to be left out, Nestlé’s **Maggi** brand has launched the new Maggi Hot Lazenby Worcestershire sauce, which will no doubt soon be enlivening the Bloody Marys at your Sunday brunch.

Comment: Why, after all, do we have tastebuds?

Tatler Reporter 12/08/24

TRADING ENVIRONMENT

The Economy

Number crunch

The excellent and succinct monthly economic report from Trade Intelligence is out; some of those highlights for you. CPI is coming through at +5.1% YoY for June – a touch on the high side, but still within the target range of 3-6%, for the 13th consecutive month nogal. Next, the SA Reserve Bank’s Monetary Policy Committee (MPC) met in Jul 2024 and although they did not change the interest rate, the voting shifted from a previously unanimous ‘no cut’ to a 4:2 vote. This means that at least one cut is anticipated before the end of the year. Moving on, real retail trade sales grew 0.8% YoY for May, with general dealers good for a solid +1.7%. Finally, with no load shedding since April, the GDP growth outlook for Q2 could contain some upside.

Comment: We’ll have to wait until next month’s report to find out; in the meantime, [download your free summary here](#).

Trade Intelligence Analysts 10/08/24

THE WEEKLY GURU

“Pay attention, don't let life go by you. Fall in love with the back of your cereal box.”

Jerry Seinfeld

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