



22 August 2024

Some big numbers this week, perhaps the most significant of which might be the loss of 92,000 South African jobs in the second quarter of this year. Cosatu is sounding the alarm on this as a national crisis; we would all do well to heed the warning. Otherwise, the Ackermans reduce their voting rights, Mars hooks something big, and the modern trade in Vietnam has ambitions. Enjoy the read.

YOUR NUMBERS THIS WEEK

49%	35%	\$315m	20%	\$36bn	92,000
Ackerman voting rights in PnP's holding company	of Eastgate's power from 13,675 solar panels	Q2 revenue for Vietnam group Wincommerce	potential loss in Heinz's tomato harvest due to heat	offered by Mars for Kellanova	South African jobs lost in Q2/2024

RETAILERS AND WHOLESALERS

Pick n Pay

Damaged control

The clock is ticking down inexorably on the Ackerman family's control of Pick n Pay as the founders reduced their voting rights from 52.00% before the recent Rights Offer to 49.00%. This was achieved, as far as we can tell, through a hopelessly complex interchange of B shares and ordinary shares – B shares being superpowered shares which allow the holder extra voting rights. "The 3.00% reduction in voting rights has been undertaken to support Pick n Pay in its transformation," noted Pick n Pay in a statement. Though unusual, the dominance of the Ackermans is not unique – Meta's Mark Zuckerberg and the founders of Google all hold disproportionate sway over their companies' fortunes. "The problem with control structures is it allows pretty much one person to make the important calls," notes famously forthright Shane Watkins of All Weather Capital, "and if they get it wrong, there can be very serious consequences."

Comment: The end of an era, and we sincerely hope the start of something better for Pick n Pay.

Daily Investor 13/08/24

Woolworths

Sour milk

A win from Woolies against an appeal from vet and farmer Dr Tod Collins, who disputed a seemingly innocuous statement by the former on the grounds that it was deceptive. "When only rBST hormone-free will do. Tested and audited, so you know what's in your milk," said the Woolies payoff. Dr Tod argued that the use of the term "hormone" did not adequately inform consumers about the difference between safe and potentially harmful hormones, questioned whether Woolworths' claims of testing and auditing could be substantiated, and contended that the advertisement implied that competitors' milk contains rBST. The Advertising Appeal Committee found no evidence that the ad misled consumers, accepted Woolies' evidence showing that rBST could be tested for, and concluded that the advertisement did not play on consumer fears.

Comment: Fascinating, and cautionary for any business making scientific claims. Nice to see Woolies vindicated for a change too.

BizCommunity 13/08/24

In Brief

A right panelling

So long, farewell to David Nurek, stepping down as chair of the **Clicks** board after a long and successful 27-something years in the seat. Assuming the position, independent non-exec. Mfundiso "JJ" Njeke, a chartered accountant and current chair of the audit and risk committee. Next, **Shoprite** and **Checkers** supermarkets across KwaZulu-Natal are selling their Eastern Highlands bottled water at the lowest possible prices and donating a percentage of proceeds for water relief efforts in the province, under the Act for Change Water Fund. During the 2016 drought, the business donated and transported water to affected towns like Ulundi, Vryheid, Harding, and iXopo. Related, Joburg's **Eastgate Mall** now boasts South Africa's largest rooftop solar system, covering 28,100m² with 13,675 solar panels that provide 35% of the mall's needs. "This innovation in renewable energy generation at Eastgate is testament to L2D's position in environmental leadership," says Brian Unsted, Sustainability Lead for mall owner Liberty Two Degrees.

Comment: Visionary leadership that recognises the strategic value of sustainable practices is one of the ways we fix this mess.

Tatler Reporter 20/08/24

International Retailers

The mysterious east

To Vietnam, where like many developing countries, the modern trade enjoys only a modest market share, of about 12%. Enter **Wincommerce**, a vertically integrated manufacturing, supply chain and retail business that brings such trading brands to an eager consumer base as WinMart, WinMart+ rural stores, and Win urban stores. Parent company Masan Consumer supplies the network of over 3,700 stores, and as one of Vietnam's largest food and beverage distributors also supplies the logistics. Wincommerce itself is Vietnam's largest grocer, trading in 62 cities around the country, with a plan to hit 4,000 stores by the end of 2024. In Q2 of 2024, it recorded revenue of VND7.84tn (\$314.67m), an increase of +9.2% YoY. The business looks to Indonesia for inspiration starting off a similar base to Vietnam. Thanks mainly to the expansion of two major retail chains, Indomaret and Alfamart, Indonesia's modern trade market share has achieved +18% growth per year for five years.

Comment: Perhaps not a model for South Africa's modern retailers to emulate. But a fascinating snapshot into a rapidly changing region.

Vietnam Investment Review 21/08/24

MANUFACTURERS AND SERVICE PROVIDERS

Heart Foundation & Heart Mark Programme

FMCG Opportunity – Buy Healthy, Buy Choice Product, Achieve Major Retail Advantage

Since the 90s, the Heart and Stroke Foundation South Africa has with its iconic logo (viz. the Heart Mark) taken the guesswork out of choosing food products that help shoppers achieve healthier lifestyles, reducing the number of deaths in South Africa from preventable heart disease and stroke. The Heart Mark trademark is fully embraced by SA's FMCG industry and is a guarantee that the food shoppers buy is lower in salt, lower in sugar, lower in saturated fats, and higher in fibre. The endorsement is not paid for – it's earned, through a strict application process which includes laboratory tests – although large FMCG companies do pay a licence fee once they are approved to enter the programme. These endorsements follow a Collaboration Model that highlights the capabilities and values of partner brands and creates opportunities for long-term joint value creation and revenue growth. Heart Mark endorsed products are increasingly sought by health-conscious consumers, who may download a full shopping list, representing a balanced basket of groceries, from www.heartfoundation.co.za.

Comment: The Heart Foundation is seeking to expand its offering to brands and consumers and is looking for partners to assist it in this good work. We (heartily) recommend that you visit their website to explore the opportunities for collaboration or [click here](#) to download the application guide.

Tatler Reporter 20/08/24

Heinz

In the red

Here's another one for those happy souls who still believe that things like sustainability and resilience are 'nice to have' for manufacturers whose proper focus should be on the bottom line. **Heinz** in the United States is mortally concerned about the future of the tomato varieties it has developed over 150 years to provide exactly the right colour and texture of its iconic ketchup. Kraft Heinz researchers are anxiously waiting for the end of the harvest of this summer's crop in October, when they will know exactly how hard it has been hit by the record temperatures. Some pessimists think they'll lose around 20%. "Every year we constantly get new genetics," says California Tomato Growers Association head Mike Montna. "We haven't yet found a drought-resistant tomato, but we have changed growing practices to use less water."

Comment: We've just experienced the hottest average global temperatures in recorded history. Is our industry ready to deal with crop failures on a massive scale?

IOL 18/08/24

In Brief

Cereal monogamy

Big shakeup is on the cards in the global food industry as family-owned behemoth **Mars** squares up to Kellogg spin-off company **Kellanova**, owner of Pringles®, Cheez-It®, Pop-Tarts®, Rice Krispies Treats®, NutriGrain®, and oh, just Kellogg's® international cereals, in a \$36bn acquisition. "In welcoming Kellanova's portfolio of growing global brands, we have a substantial opportunity for Mars to further develop a sustainable snacking business that is fit for the future," says Mars, Inc. CEO Poul Weihrauch. Next, in the seemingly unending saga of the rescue of **Tongaat Hulett** from itself, the lurching sugar giant's shareholders have voted against the specifics of the deal that would have handed a 97.3% controlling share of the company to the Vision Group. This is good news for rival RSG. "RSG Group Holdings remains committed to finding a sustainable and beneficial solution for all stakeholders involved in the Tongaat Hulett business rescue process," says RSG spokesperson Keeghan Sipahli. Finally, in good news for our embattled oceans, a component of the South African pole-and-line tuna fishery, represented by tuna trading company ICV Africa, has become the first South African fishery to successfully achieve Marine Stewardship Council (MSC) certification.

Comment: Big news from Mars. And a pretty sizeable deal to escape the ire of the antitrust police.

Tatler Reporter 20/08/24

The Economy

Employment

The StatsSA jobs report for Q2 is out, and it's not a good one: the official unemployment rate rose to 33.5% for the period, up from 32.9% in Q1. More than 92,000 jobs were lost in the three months to June, 45,000 of them in the agricultural sector. Part of the problem is seasonality in that sector, combined with a lag effect across the economy from a sustained period of load shedding. Plus, the decline in manufacturing, where production fell by -5.2% YoY in June 2024, after a -1.2% fall in the prior month. "This is our greatest national crisis and it is time the government and the private sector respond to it with the same decisiveness as we did for COVID-19," says a statement from COSATU. "The dangers of meandering along this path are tantamount to playing Russian roulette with a live grenade."

Comment: A national crisis, and for so many families, a private tragedy.

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THE WEEKLY GURU

"You can never have too much ketchup, 'cause it's a food group."

David Eigenberg

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