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## Hot beverages are on the boil

The Awakening ...  
Activations  
in Africa



Supply chain  
...Technology  
innovation  
driving  
revolution





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Earth-Technology\_image courtesy of Pexels



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**Technology innovation driving FMCG supply chain revolution** ...

**Efficiency and accuracy drive automation in warehousing, lowering costs for retailers** ...

**AI-powered telematics transforms fleet management** ...

**SUPPLY CHAIN** Leveraging retailer & supplier supply chain data ...

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## HOT BEVERAGES on the boil

Ann Baker-Keulemans investigates the Hot Beverages aisle and finds it is reliable and predictable. It is

also an innovative category that is growing in unexpected and exciting ways – highly competitive with plenty of brands in the mix.



## STOREWATCH

### Storewatch: The Balkans Mercator model

Loyalty and localisation are the attributes that the Slovenian brand follows to satisfy both consumers and suppliers.

### Storewatch: Builders Warehouse

Builders collaborated with artist and illustrator Thabang Lehobye at their Paint DIY event to show how colour and texture transforms spaces.

## COLUMNS

### Delight your customers

Aki Kalliatakis tells us about what researchers call the phenomenon 'The Cocktail Party Effect'. It is how your ears perk up and your eyes take notice when someone in a crowded room mentions your name – our reaction to anything that relates to our identity and individuality.

## NEWS

### The Awakening ... Activations in Africa

Activations unlock the connection between brands and consumers as they drive to incite trial and drive conversion, selling benefits over features and affecting behavioural changes.

### Load-shedding leaves SA's pie industry cold

The humble pie is one of South Africa's most popular fast foods. Yet load-shedding is threatening this industry, severely curbing its growth and putting pressure on already strained manufacturers.

### Pan African survey

What African consumers' desire to act against climate change means for organisations' ESG pledges.

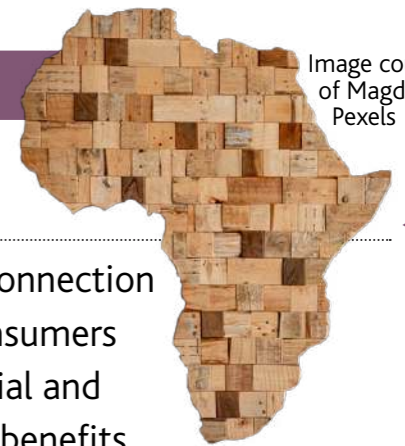


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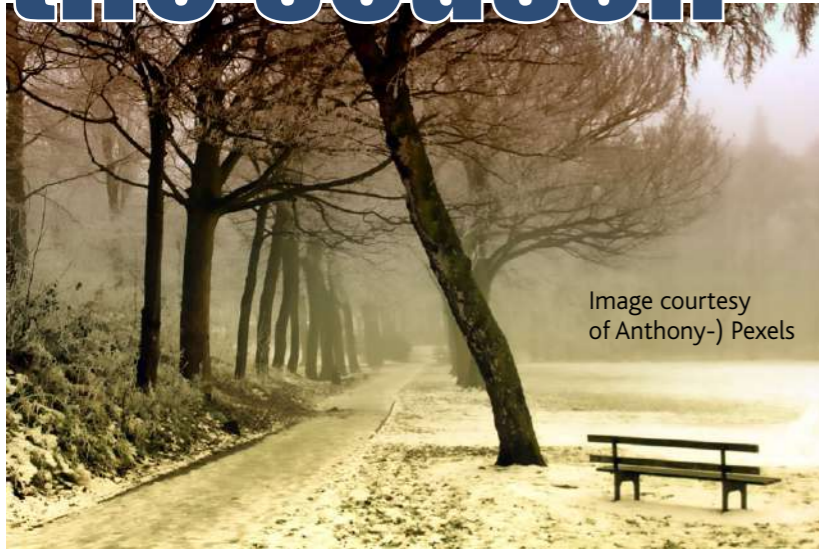
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# Seizing the season

## Prioritising goals and making the most of opportunities



Helen Maister

As we experience a change of season and settle into the year, it's natural to reflect on where we are and what we want to achieve. This is a time to solidify our goals and prioritise our objectives for the year ahead. It's important to stay focused on our goals even during these busy times, as the year is now in full swing. Embracing the new season and staying committed to our objectives will help us make the most of the opportunities that lie ahead. By staying on track, we can achieve great things in the months to come.



### Revolutionising retail:

#### How Supply Chain innovation is changing the game in South Africa

In South Africa, the Supply Chain plays a crucial role in the success of the retail industry, especially in the supermarket sector. Supermarkets rely on a complex network of suppliers, manufacturers, distributors and logistics companies to ensure products are delivered to stores efficiently and on time. With the rise of technology, supply chain management has become more sophisticated, with retailers investing in automated systems to manage inventory, track orders and optimise delivery routes. However, challenges such as infrastructure constraints, unpredictable weather patterns and economic instability continue to impact the supply chain. Despite these challenges, retailers are adapting and innovating to ensure they can meet the demands of their customers.

### Steaming up sales:

#### How Hot Beverages can heat up your retail business

South Africa's hot beverage market presents a significant opportunity for retailers to meet the diverse tastes and preferences of their customers.



Retailers can leverage the popularity of hot beverages in to drive foot traffic to their stores and increase sales. They can also differentiate themselves by offering unique and high-

quality products that cater to the growing demand for natural and healthy beverages. Additionally, retailers can utilise marketing campaigns and promotions to capitalise on seasonal trends and events, such as winter holidays, to drive sales of hot beverages.

Helen Maister

Helen Maister



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SCAN ME

# How a cocktail party can help you

Aki Kalliatakis

aki@leadershiplaunchpad.co.za

This is the next article in a series on how behavioural economics and 'being human' affects your business.

Imagine this ... You're at a cocktail party and someone across the room mentions your name. Within one second you tune into where and who said that. Your ears perk up and your eyes take notice. It activates parts of your left brain – but not if you hear someone else's name. Researchers have a name for this phenomenon ... the Cocktail Party Effect.

But this goes beyond just hearing or seeing our names. The same reaction happens – and we place more value upon – anything that relates to our identity and individuality. And your business can easily and cheaply take advantage of this in a very beneficial way.

Let's go back one step though. Here are some facts that are quite scary:

- The average citizen encounters between 1 500 and 4 000 adverts every day, most of which we tune out completely. We live in a world of too many distractions – how will you stand out?
- 56% of buyers prefer purchasing from retailers that recognise them by name.



Image courtesy of Kaushal Moradiya, Pexels

- 65% of buyers prefer retailers that 'know their purchase history'.
- 58% of buyers prefer retailers that make product recommendations based on past purchases.

“Personalisation creates a powerful connection between you and your customers. They respond to it because it helps them feel that you remember and appreciate them – and you have tried to get into their minds. 🗨️”

And even though you may repeat a personalising action across a number of customers, they still feel that the experience was designed especially for them. They feel that your brand and business has accepted them into your tribe and, as a result, they feel loyal to that tribe.

So that's the why and the what. But how can you take advantage of the personalisation bias to create success? Using their names is a great start, but it has to go beyond that.

Of course, you can do simple things like remember customer's names, their history with your business, or their preferences based on past purchases. (“The usual for you, Mrs. Harris?”) But that's quite hard when you have thousands of customers visiting your store every week.

“You will need to automate your action, but without making it hackneyed or pedestrian. Amazon, Netflix and Spotify are great examples of this, using their “You might also enjoy...” features. 🗨️”

# TAKE YOUR BUSINESS TO THE NEXT LEVEL and gain a competitive edge in today's market with a fully customized loyalty and rewards program.



**Discover the power of loyalty programs - the game-changing tool that can skyrocket your revenue, increase customer retention, and unlock valuable insights into your customers' behaviours.**

By *AKELO Group*

According to the 2022 South African Loyalty Landscape Whitepaper, 73% of economically active South Africans are currently using reward or loyalty programs, belonging to an average of 9.2 programs, almost triple from 2014.

While these programs help shoppers during tough economic times, they also have a direct impact on revenue and are essential for customer retention. They enable companies to maintain a continued relationship and engagement with their clients beyond simply providing a service or product. Every interaction within a loyalty program yields highly valuable data about consumers that would be difficult to gain otherwise. This data allows companies to track the spending habits of their most loyal customers to get a better understanding of how they respond to incentives and what products they prefer.

**However, not all loyalty programs are created equal.**

Andrew Weinberg, Group CEO of AKELO, emphasises that a successful loyalty program should be a subset of a more comprehensive customer engagement program. Weinberg explains that "loyalty encompasses 'softer' metrics such as average revenue per user (ARPU), number of products, gamification participation, and others."

Therefore, companies must prioritise the right tech requirements, qualified resources, and costs and margin erosion when designing an effective program. A poorly designed program may erode margins unnecessarily, and the best loyalty program cannot replace bad products or services.

Weinberg also highlights the benefits of loyalty and rewards programs for brands and retailers, including differentiation

in the market, driving customer retention and spend, and attracting more customers through savings and digital communication.



*To create a loyalty program that cultivates consumer attachment, companies must know their customers and create programs that enhance their experience with the brand.*

Prioritising convenience and relevance is key when designing the program. Additionally, the rewards must be adequate to keep customers loyal, and the program should generate useful data to help enhance customers' experience.

Research shows that people prefer simple loyalty programs that amplify their typical behaviours. Customers do not like working hard to claim their rewards. Personalized rewards, such as cash and airtime, tend to be most effective in mainstream South Africa.

Implementing a well-designed and relevant loyalty program can enhance customers' experience, increase retention and revenue, and provide valuable insights into their behaviours.

Stuart Hoy, Head of Retail Engage, explains that their bonsella platform offers a range of loyalty program solutions tailored to each company's unique needs. "We take pride in designing and developing innovative solutions that drive customer loyalty and create a better return on investment for our clients."

**Don't miss out on the benefits of a well-designed loyalty program.**

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“ And some companies use automated birthday cards or messages. Those are often unoriginal and clichéd. But what if you video recorded a special birthday message on your phone for a few seconds and sent it by WhatsApp? That will have a huge impact. ”

Another variation of customisation can be summarised in the “Have it your way” manner used as a slogan by Burger King, or what has recently become known as “Choose Your Own Adventure – CYA.” You give customers the chance to specifically design or put together what they will buy so that it’s customised for them. This ranges from architecture to cosmetics to coffee or pizza, and can also include giving them a chance to pick their own produce.

Many years ago, I flew a few times with Singapore Airlines. You can imagine my surprise when I received an email headed, “How time flies, Aki!”

Inside the mail they included information about some of my trips (“Remember when you flew to Malaysia?”) and picked the precise date when that had happened years before. Then they said, “... And you’ve come so far – 86748 kilometres to be precise. That’s more than twice around the world!” And they continued, “So many adventures with us in Singapore, Kuala Lumpur and Hong Kong.” The whole email was peppered with photos and images, including their logos. And I can’t wait to go fly with them again!



Image courtesy of Andrea Durey, Pexels

Image courtesy of Alex Azabache, Pexels

At a hotel in Paris, we were presented with a mini photo album on our last day, together with some brochures and postcards of the places we’d visited, and which they had noted. And, of course, their card was included. How many friends do you think we’ve sent their way?

On another occasion, my family took a ferry and, as we boarded, there was a photographer snapping shots of all of us. At the end of the journey, literally four hours later, there was a board with all the photographs on it which we could purchase if we wanted. All very touristy, but we bought them anyway because we were the stars.

A corporate branding company sent me a promotional text message, something

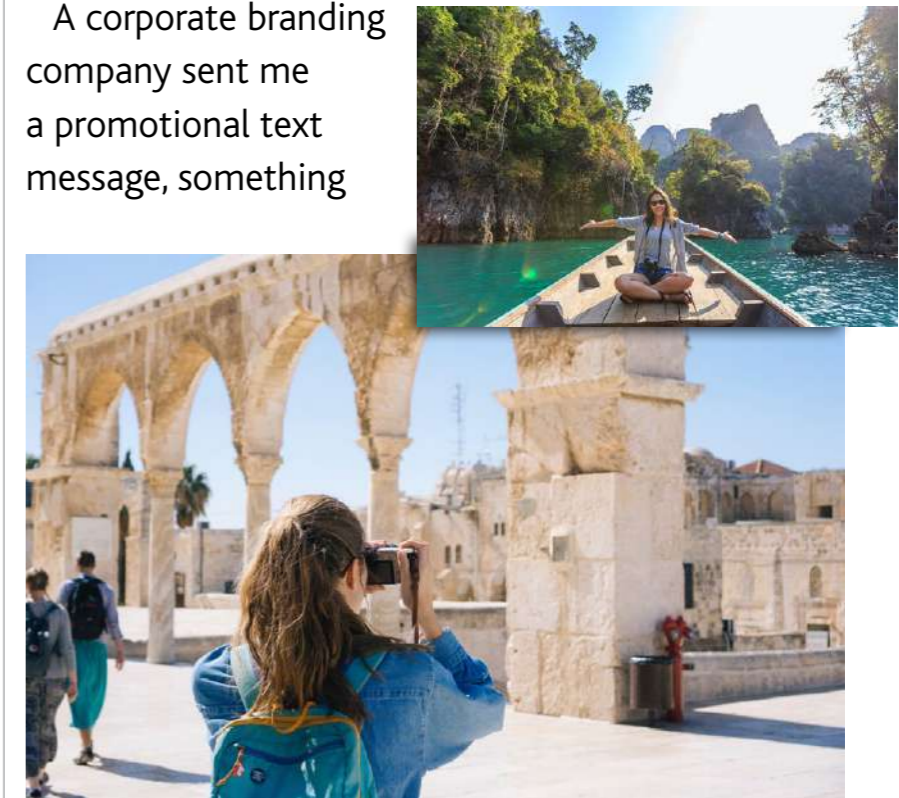


Image: Haley Black, Inset: Te Lensfix, Pexels

which I’m usually quite resentful about. Except this time they took an image from our website and placed it virtually on a coffee mug. (I believe there’s simple software that you can use to get that



3-D effect.) It put a smile on my face, and I bought a dozen to give away. You can do this with just about any gift products, from socks to t-shirts, pens and writing pads – and everything in between. As one marketing Tweeter put it ...

“If you want to give a business gift, don't give something with your logo. Give something with something that's theirs.”

It's really not so hard, nor is it enormously expensive, to do these kinds of things. All you have to do is think of something simple and just get it started. There are so many possibilities.

My favourite retailer uses its customer complaints database. I had complained that they didn't stock my favourite brand of marinated pregos from one of SA's leading pork producers.

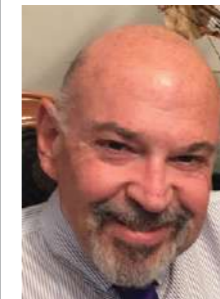
And then a few months later, out of the blue I received an email. They were really nice in dealing with my complaint, but the answer was still "No." Then the email came, and they said ... "We know you were unhappy with us not keeping your favourite



Image courtesy of www.epicurious.com

pregos, but we've just launched our own. Here's a voucher with 50% off if you want to try them." So, using customer pain points can also help.

There's no magic button that you can use to create a personalised experience for your customers, but you can create magic for them by personalising their experiences. Once a customer feels a sense of 'belongingness' and ownership over a business or a brand, they don't want to give it up and they're more likely to buy. It's irresistible for them ... and will lead to far greater success for you. **SR**



Aki Kalliatakis is the managing partner of The Leadership LaunchPad, a company dedicated to helping clients become more customer driven. He can be contacted at +27 (0) 83 379 3466, or via the website at [www.leadershiplaunchpad.co.za](http://www.leadershiplaunchpad.co.za)

**Who are we?**

A trusted source of retail information for over 65 years, our magazine informs and empowers retail business owners to grow whilst tackling current industry topics.

**How can we help you?**

We connect FMCG brands, and Equipment and Service suppliers to retail decision makers around South Africa. Elevate your brand with our wide variety of digital offerings.



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Serves: 4  
Preparation time: 20 minutes  
Cooking time: 1 Hour

An easy dinner sure to impress family and guests.

## GOLDI, COUNTY FAIR, FESTIVE or MOUNTAIN VALLEY

### 4 Chicken Drumsticks 4 Chicken Thighs

#### INGREDIENTS

##### Chicken:

- 4 Chicken Drumsticks, 4 Chicken Thighs
- 50ml lemon juice
- 1 Tbsp (15ml) fresh thyme leaves
- 1 medium butternut
- 1 Tbsp (15ml) honey
- Olive oil
- Salt and milled black pepper

## LEMON & THYME ROAST CHICKEN WITH HONEY-BUTTERNUT MASH

#### Method:

1. Preheat the oven to 180°C.
2. Place the chicken into a roasting dish. Mix the lemon juice, thyme, and 1 Tbsp olive oil in a small bowl—season with a pinch of salt and pepper.
3. Pour the lemon juice mixture over the chicken and toss well.
4. Roast in the oven for 1 hour.
5. Peel the butternut, slice it in half and discard the seeds. Cut into evenly sized cubes and place in a pot.
6. Cover with water, and cook over medium to high heat until tender.
7. Strain the liquid, then mash the butternut until smooth.
8. Add honey and season to taste with salt and pepper.
9. Divide the butternut mash between four plates.
10. Top with two pieces of chicken each, and serve.



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Serves: 4  
Preparation time: 15 minutes  
Cooking time: 1 Hour

This recipe makes for the perfect mid-week feast.

## GOLDI, COUNTY FAIR, FESTIVE or MOUNTAIN VALLEY BRAAI PACK

### INGREDIENTS

#### Chicken:

- 1 x Braai pack (5 pieces)
- 10g basil leaves, finely chopped
- ¼ cup (60ml) balsamic vinegar
- ¼ cup (60ml) honey

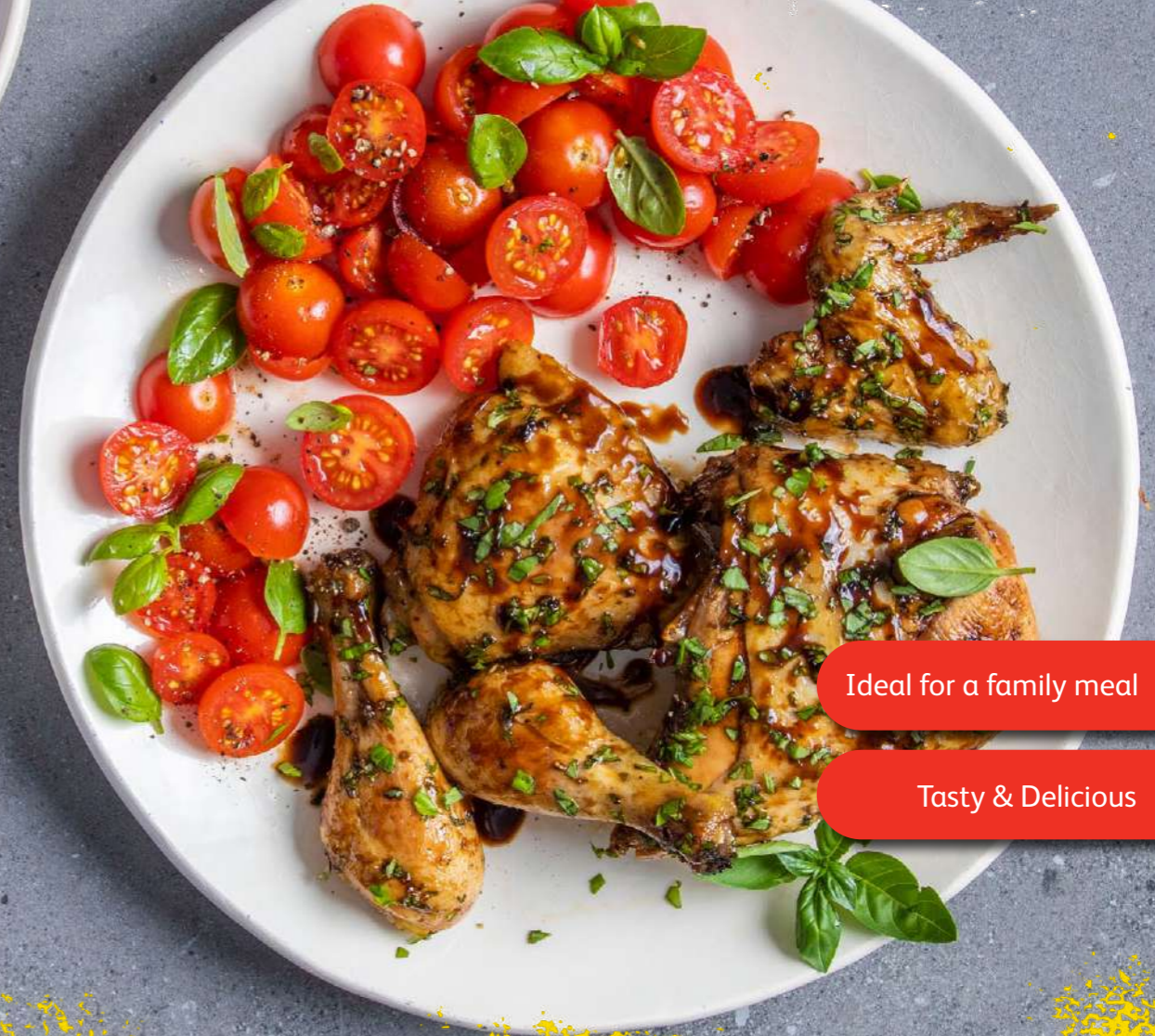
#### For the salad:

- 500g cherry tomatoes, halved
- 2 Tbsp (30ml) balsamic vinegar
- 2 Tbsp (30ml) honey
- 15g basil, roughly torn
- Olive oil
- Salt and milled black pepper

## BALSAMIC ROASTED CHICKEN THIGHS WITH A FRESH TOMATO & BASIL SALAD

### Method:

1. Preheat the oven to 180°C.
2. Place chicken pieces in an oven dish. Drizzle with 3 Tbsp olive oil, add the chopped basil leaves and season.
3. Roast in the oven for 50 minutes.
4. In the meantime, place the balsamic vinegar and honey in a pot and boil; remove from the heat and set aside.
5. Remove the chicken from the oven, brush over the honey-balsamic glaze, and return to the oven for a further 10 minutes.
6. Prepare the salad; sprinkle a pinch of salt over the tomatoes and set aside for at least 15 minutes.
7. Mix the olive oil, balsamic vinegar and honey together with a pinch of pepper.
8. Remove the chicken from the oven and rest for 5 minutes.
9. Toss the seasoned tomatoes, dressing and torn basil together in a bowl.
10. Place the chicken on a serving platter and serve with the salad on the side.



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# Technology innovation driving FMCG supply chain revolution



Earth-Technology\_Image courtesy of Pexels

technology is transforming the industry, providing new opportunities for efficiency and growth.

The retail sector, in particular, has seen a significant impact from the growth and integration of technology in recent years. The introduction of e-commerce and mobile payments has pushed retailers to find new ways to engage with customers and streamline their operations in an increasingly competitive environment.

**N**o matter how long humanity has existed, change has always been imminent, but technology has introduced an unprecedented pace that is transforming all aspects of our lives in a way few could have ever predicted.

Today, technology is revolutionising the way we live – from how we communicate and work, to how we shop and entertain ourselves. In the fast-moving consumer goods (FMCG) sector, supply chains have seen unprecedented change. From inventory management to delivery,

According to Brian Mudhokwani, Chief Operations Officer at ISB Optimus, the sector is currently experiencing a massive technological remaking, driven by a multitude of innovations and digital advancements. He says. ...



Brian Mudhokwani

“These changes are transforming the way retailers operate and customers shop, ultimately leading to an enhanced, efficient, and personalised shopping experience.”

“The current transformation in retail is characterised by the widespread adoption of advanced technologies such as artificial intelligence (AI), Augmented Reality (AR), Virtual Reality (VR) the Internet of Things (IoT), automation and blockchain. These are all enabling retailers to optimise their operations, streamline the supply chain, enhance customer experience, and secure sensitive data.”

For Martin Bailey, Chairman of Industrial Logistic Systems (ILS), when it comes to logistics and FMCG, the biggest change worldwide has probably been the explosion of stock-keeping units, along with increasing customer demand.



Martin Bailey

“Instead of having one or two types of peanut butter or soap for customers to choose from, there are now hundreds of choices and customers expect delivery immediately or at the latest the next day.”

This has had a massive impact on the cost of transport and logistics. “Bridging the gap between online and offline shopping experiences is an ongoing challenge and opportunity that brings the need for digital transformation,” explains Renko Bergh, co-founder of Forte Supply Chain Solutions.



REINVENTING THE SUPPLY CHAIN:

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CONFRONTING LOGISTICS CHALLENGES IN AN OMNICHANNEL SHOPPING LANDSCAPE

POTENTIALLY DISRUPTIVE TECHNOLOGIES EMERGE



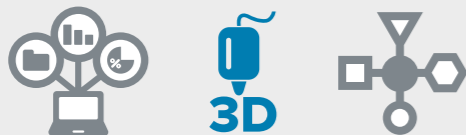
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AUTONOMOUS VEHICLES  
DRONES/ROBOTS  
AUGMENTED REALITY



**ADVANCING DISRUPTORS**

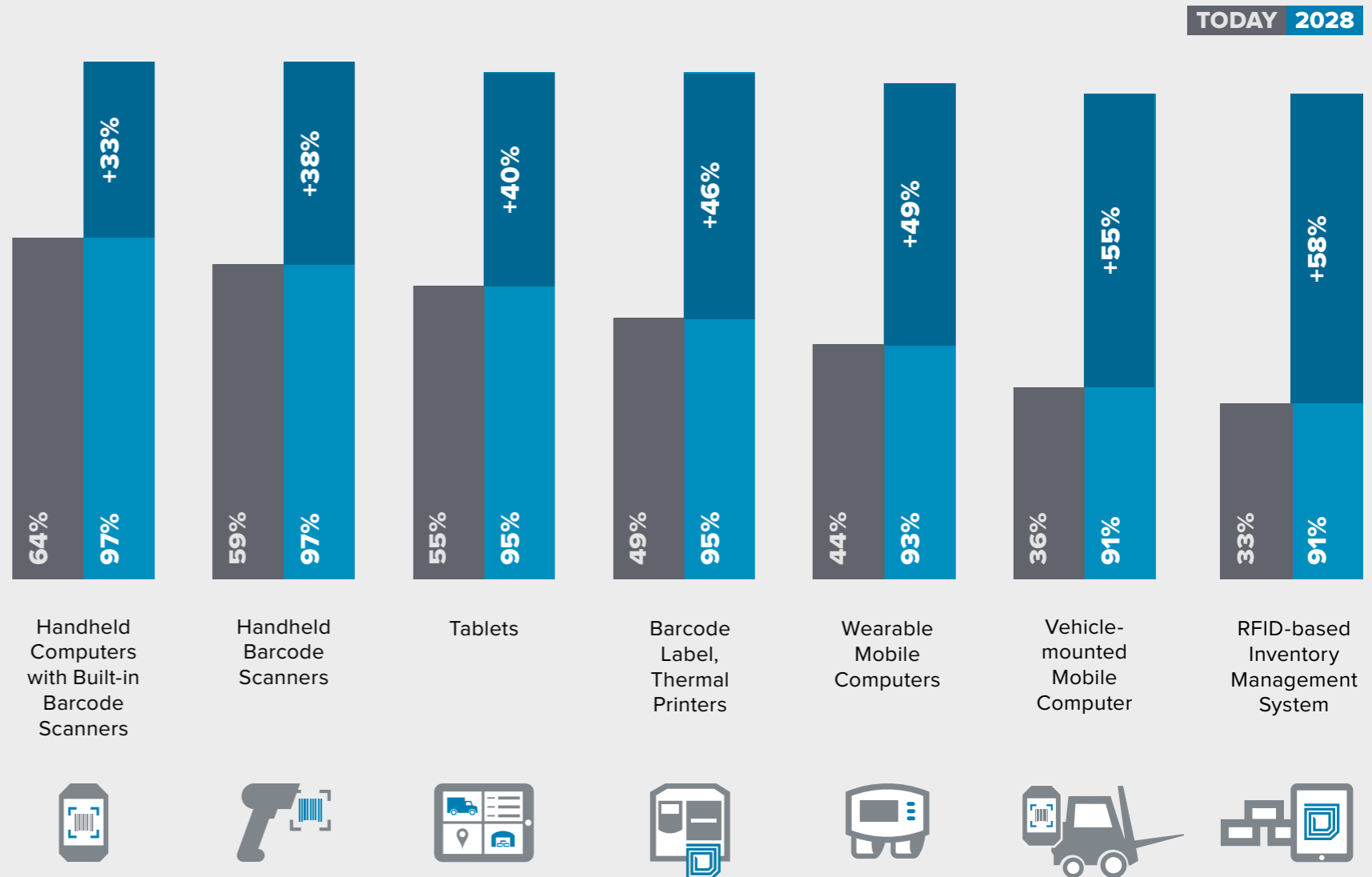
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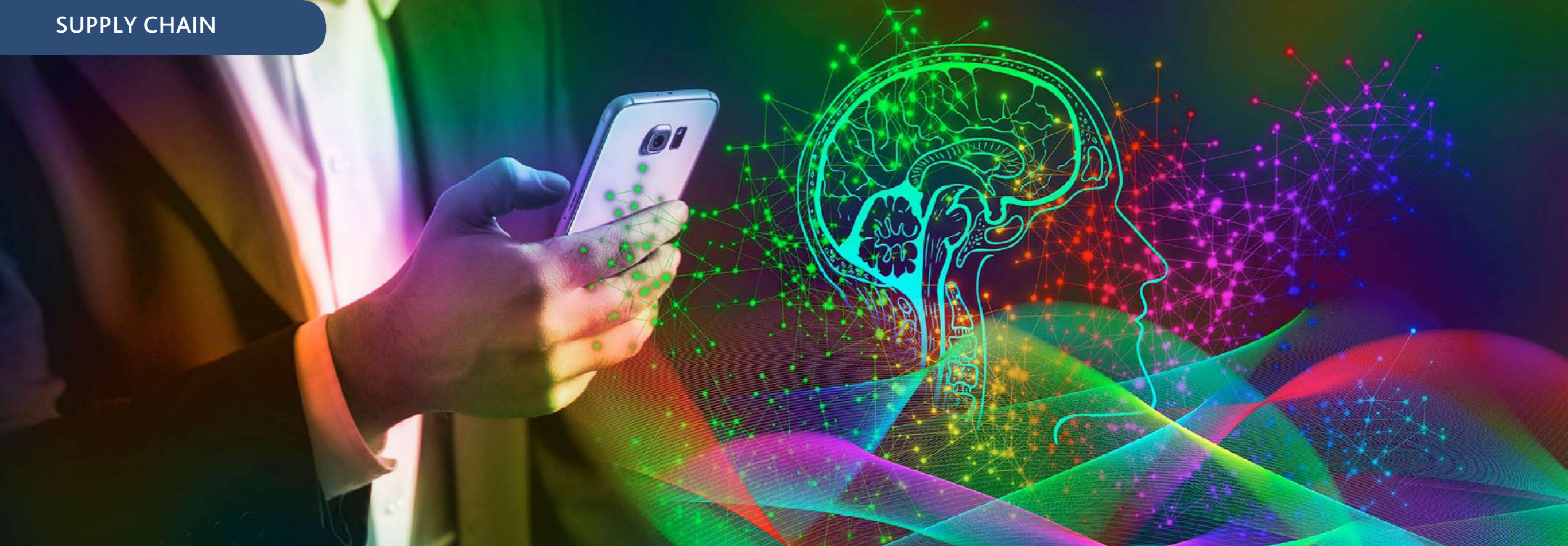


Image courtesy of Pixabay

“The key to this is more than just having systems in place to handle both online and in-store purchases. This requires a unified and connected system that integrates with other technologies. Integrating online and offline transactions, and inventory across all locations and online stores are some of the greatest hurdles that software solution providers seek to overcome when creating the next generation of solutions for retail businesses.”

Bergh warns that technology is not a silver bullet.



Renko Bergh

“Using technology does not guarantee a retailer’s success, it is just one piece of the puzzle. A retailer may use technology to manage merchandise flow, but if it stocks merchandise customers don’t want, its business will suffer.”

“The trick right now is to combine tech know-how with common sense, interpersonal skills, problem-solving savvy and enthusiasm.”

**Technology in Transport Accelerating Retailers’ Digital Transformation**

According to Henry Smith, Fleets Sales Director at MiX Telematics Africa, technology in transport is enhancing at a steady rate – from the introduction of electric vehicles, (EVs) to the integration of AI.



Henry Smith

“The increasing use of technology has accelerated retailers’ digital transformation directly impacting their success and sustainability. This has encouraged collaboration between retailers and their technology partners.”

He continues, “Telematics technology specifically, which was once considered a ‘nice-to-have’ for many fleet operators, has now become essential, as companies realise the distinct advantages of telematics solutions.”

Cobus Rossouw, Executive Vice-President: Digital & IT at Imperial, a DP World company, stresses the importance of collaboration.



Cobus Rossouw

“It is essential for all stakeholders to work together to reduce transport and logistics costs to get products to end-consumers. However, it has to start with business intent – technology collaboration follows as an enabler.”



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**Peter Kerr**, Managing Director and founder of Argon Supply Chain Solutions has been working in the SAP and SAP Supply chain solution space for over 20 years. Having been involved in almost all of the SAP Warehouse implementations in South Africa with primary focus on Retail, Peter is able to share some insights on SAP Logistics Solutions and what impact integration has on the solution.

## Maximise your industry success

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Our SAP Supply Chain Execution consultants not only play a key role in the implementation, but in many cases a strategic role in working with our customers. Their expert knowledge, work ethic and attitude will enable you to realise further supply chain efficiencies and cost reductions, while delivering solutions that your users can operate.

Cost remains one of the most critical aspects in the South African FMCG supply chain. Logistics costs are already considered amongst the highest in the world. “While automation has become more affordable, generally speaking, around the world, in South Africa the cost thereof is still expensive – simply because of the decline of the Rand,” says Bailey.

“At an exchange rate of €20, paying in Rands for equipment is a completely different equation. On top of that, the skills to implement automation in South Africa are few and far between. We are thus faced with diametrically opposing problems that on the one hand require one to provide a very high level of service, but on the other hand the cost of delivering that is also extremely high.”

In the transport sector, technology is effectively being used to drive down costs. “Transport cost is highly impacted by utilisation,” says Rossouw. “Advanced technology is unlocking immense benefits to reduce turn-around times and decrease empty travelling distances.” He says ...

“Transport operations have become virtually visible through using the immense data provided by tracking devices, which makes it possible to define exact activity schedules, measure against that and act on an exception to minimise waste of all forms.”

Telematics solutions leverage GPS, cameras, mobile devices, and other connectivity infrastructure to track and monitor vehicles.

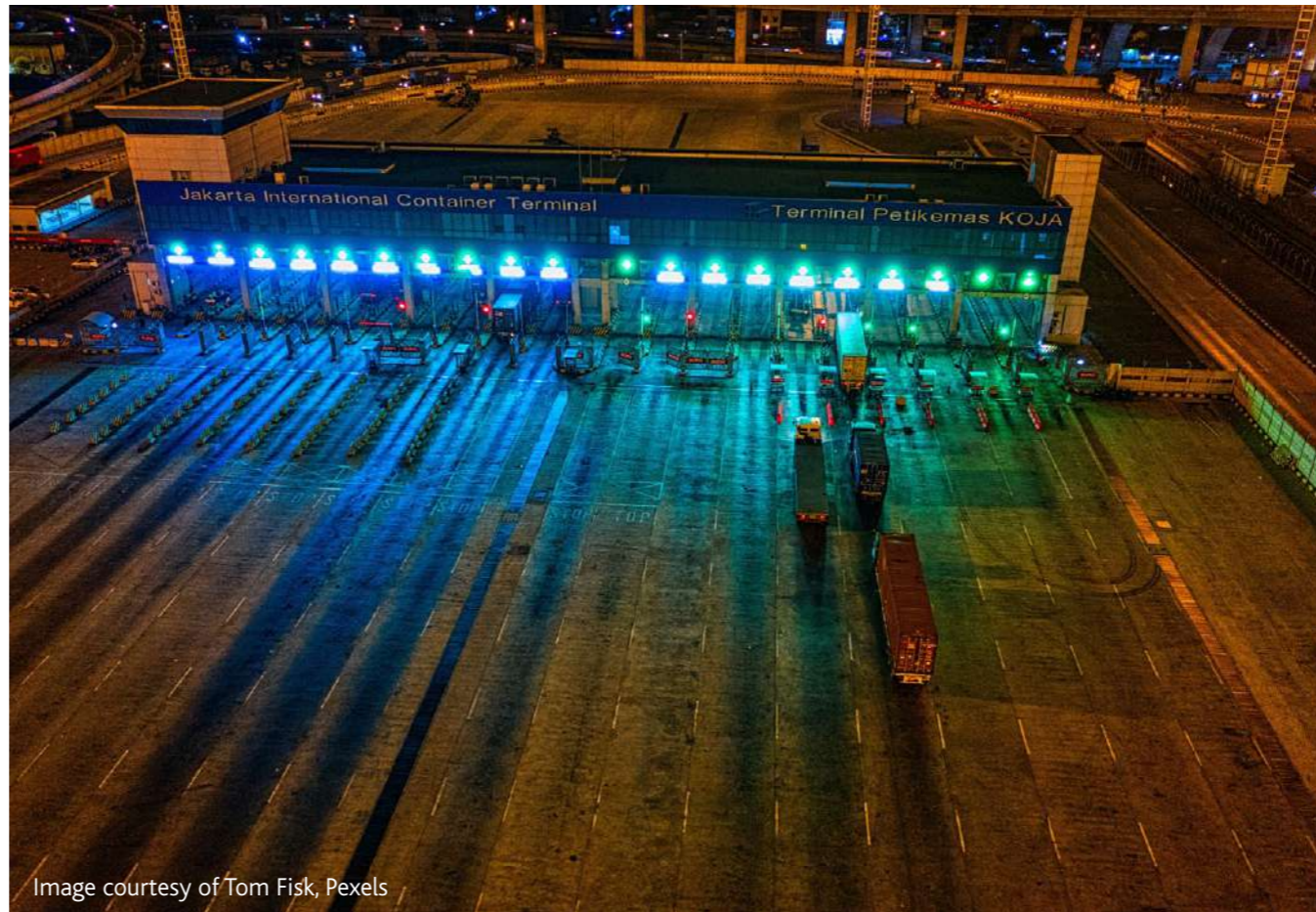


Image courtesy of Tom Fisk, Pexels

“It is with this in mind that we aim to deliver software that has been refined with additional industry-defining functionality, along with flexibility and scalable AI software to assist with every-day business needs. It also has to happen on one platform.”

These solutions help supply chain operators improve operations and reduce costs.

“Typical functions offered by fleet management platforms include route planning for efficient deliveries, fuel monitoring and expense management, predictive vehicle maintenance and diagnostics, as well as CO<sub>2</sub> emissions tracking.”



What is important, says Hein Jordt, Chief Executive Officer of Ctrack Africa, is that the solutions need to be easy to use.

Hein Jordt

“Customers’ needs are always changing – making it imperative for the technology to be continually refined without any disruption to the daily functionality.”

Jordt says the last-mile delivery industry has shown tremendous growth in the past three years – with no signs of slowing down ...

“This has seen us making updates to our software to meet the needs of these customers in particular. Fleet managers can now assign jobs to drivers and provide them with details regarding pickup and delivery, such as address or specific instructions when they reach the location safely, via apps.”





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of services, such as e-commerce, messaging, ride-hailing, and more, in one place, relying on AI to offer personalised experiences based on user behaviour. Super apps are often created for customers to consolidate services, features and functions of multiple mobile apps into a single app. These applications are gaining popularity in emerging markets, where users prefer to use a single app for multiple needs – rather than switching between multiple apps.”

Jordt says electronic proof of delivery (ePod) that is fully customisable is a ‘must have’ these days. “These could consist of digital documents such as an invoice or a delivery note, ensuring peace of mind and a time-stamped record that

packages have arrived safely at their destinations. This sign-on-glass technology, along with the fact that you can always see exactly where drivers are, assists with making better business decisions and delivering on promises to clients.”

He says a newly-developed task and scheduling functionality on Ctrack’s app allows for optimal use of resources and vehicles. “Real-time data allows for differentiation between planned and actual delivery and turnaround times, enabling fleet managers to continuously refine schedules due to unforeseen delays or traffic.”

According to Bergh, super apps can make a massive difference in the FMCG supply chain. “We are heading down a slippery slope if transporters

**Transforming FMCG supply chain efficiency:  
The emergence of super-apps**

Apps have become the latest trend, explains Bergh. “It is all about super apps. These combine a range

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delivering to multiple retailers need to make use of different apps from each retailer to adhere to each retailer's needs on track and trace and ultimately electronic proof of delivery (ePOD). This is where super apps can play an important role and position a central ability for multiple apps to seamlessly run on one device and the end-user (being the driver) not having to train up on every different app and its usage."

Bergh explains that the initial fad of ePOD has now become a deep adoption, with some retailers leapfrogging transporters and insisting on non-negotiable uses of methods to provide instant ePODs.

Image courtesy of Pixabay



"We are seeing retailers leading the discussion and, in many cases, the actual development spend on technology solutions to provide ePOD by their transport parties and the wider transport network

being used. Drivers of these transporters are increasingly being forced to use different applications by each retailer's choice, to provide the sign-on glass' ability that justifies the need for ePOD."

As technology evolves, there will be many new niches waiting to be monetised and opportunities to take advantage of. Digital transformation and a data-driven culture will continue to disrupt businesses that cannot adapt to meet rapidly-changing customer preferences, new technologies and supply chains.

"That is why retail companies must provide customers with an experience that they find engaging, accessible, and valuable," says Bergh. "Businesses that make that first move to have thoughtful discussions about their needs and ideas with retail software developers and with supply chain software developers will be the forerunners in the future where consumers have more information available to them than ever before." **SR**



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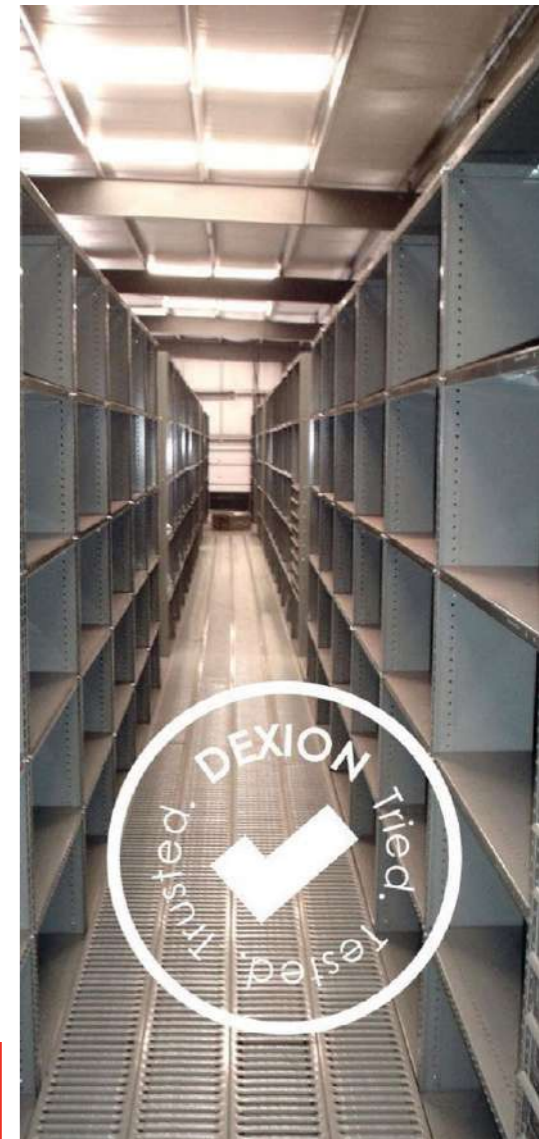
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# Efficiency and accuracy drive automation in warehousing, lowering costs for retailers

Retailers are placing increasing pressure on their procurement and supply chain teams to drive changes that will improve the agility and resilience of their strategic sourcing processes. With the ever-changing retail landscape, the ability to quickly adapt to new trends and market conditions is becoming increasingly important, and retailers are looking to their procurement and supply chain teams to deliver results.

According to Renko Bergh, co-founder of Forte Supply Chain Solutions, leading companies in South Africa can find themselves stuck with outdated implementations of their warehouse management software (WMS), if they are not careful ...

“Often companies don’t have the internal resources to address this issue with an innovative mindset that can truly yield results. This is where turning to the experts can make a difference. ”

He says the correct external partner can enable conversations that not only provide perspective, but also frame requirements in an accessible way, and even highlight some potential pitfalls.

“The aim of implementing a WMS should be to simplify and optimise operations. It must increase efficiency and provide visibility across the whole supply chain.”



Image courtesy of David Dibert, Pexels

Gerhard van Zyl, Group Operations Director at Asimotech, agrees, adding that the entire drive around technology and warehousing must be around efficiency and accuracy.



Gerhard van Zyl

“The quicker I can get the product out the warehouse and the more accurately I do that, the lower the cost. This means that materials handling equipment automation is one area where there will be an immediate benefit. For example, a warehouse can close over a weekend and the automated MHE equipment can pick all the bulk stock and have it ready for delivery on a Monday morning. ”





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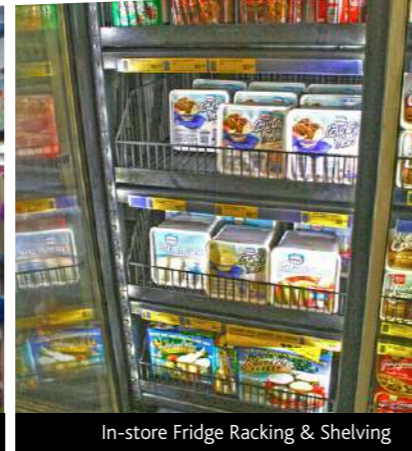
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The second area, he says revolves around the ability to accurately pick stock. “Hardware such as wearable AR units will become increasingly popular in the future. This does, however, require a level of understanding, as well as training for existing labour – which could pose a challenge.”

According to Brian Mudhokwani, Chief Operations Officer at ISB Optimus, technological advancements have led to the convergence of traditional brick-and-mortar stores and e-commerce platforms. “Examples include the rise of click-and-collect services, in-store digital kiosks, and virtual fitting rooms. Technology is helping retailers create a seamless, omnichannel shopping experience for their customers.”

The omnichannel, he says, is a hot trend that continues to gain in popularity.

“Retailers like Woolworths are adopting an omnichannel approach, where they are seamlessly integrating online and offline channels to provide a unified shopping experience for their customers. This strategy helps retailers reach a broader audience, improve customer engagement and increase sales.”

It has a profound impact, however, on the supply chain, requiring a bulk of automation to take place in the logistics process behind the retail outlet.

“The distribution warehouses and cross-dock facilities are where the real automation will have to take place, as the actual logistics costs to get the product to the retail outlet is where the cost-saving benefit, as well as the efficiency benefit, will come from,” says Van Zyl.



Image courtesy of Pixabay

Much has been happening in the warehouse space to deliver this. Technological advancements include automated storage and retrieval systems, robotic picking and packing, and a variety of WMS choices.

“Some of the key warehousing tech trends include the use of the Internet of Things in the smart warehouse,” says Mudhokwani.

“IoT devices are helping to monitor inventory levels, track assets, and optimise warehouse operations. AI-driven demand forecasting is another growing trend, where AI-based tools help predict demand more accurately, allowing retailers to optimise inventory management.”

Another development, says Van Zyl, is the utilisation of CCTV as a management tool, rather than a security tool, where the CCTV is integrated into the Augmented Reality (AR) hardware, as well as the WMS.

“This has the ability to get rid of a checking function in totality which will have huge cost savings. Add to this visibility on route and in the vehicles with cameras, as well as integration between receiving at the retail store side with the warehouse, and one can start anticipating orders on a just-in-time basis – rather than waiting for retailers to place orders.”

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This, says Van Zyl, will have a huge impact on stock holding as well as expired/returned products.

“The most exciting part about all of this is all the AI that is gathered on the back end of this. With this AI, one can start doing data mining and become far more pro-active and efficient.”

Adds Martin Bailey, Chairman of Industrial Logistic Systems (ILS): “The industry is changing rapidly in the face of robotics and automation. The bar for entry with automation is getting lower and lower. In the rest of the world, it is also getting more affordable and more flexible.”

**Tech-driven disruption in retail logistics landscape drives change**

Replacing repetitive tasks such as picking and packing with robotic systems improves efficiency and reduces human error. Planning will be easier and so also execution. “There is no denying that AI can revolutionise warehousing and logistics by automating a task, improving demand forecasting, optimising routing and scheduling, and enhancing overall supply chain efficiency,” says Mudhokwani.

“In South Africa, there are, however, some serious challenges to overcome. It requires high initial investment costs and it has to be integrated with existing systems, which is not easy. Employee training and adaptation to new technology are just as important.”

Van Zyl says another important consideration in the local context is the extremely high

Image courtesy of Quang Nguyen Vinh, Pexels



unemployment rate. “Added to that is our broken education system that leaves a massive balance required between automation and employment. In most instances when we automate, we won’t require as much traditional labour. This means existing employed labour will become redundant, which adds to the unemployment rate.”

A further difficulty is the level of labour required to implement and maintain automation is not as readily available and with the current levels of education available it seems unlikely that the trend will change in the nearby future.

“This leaves us with a difficult situation,” says Bailey. “We have shoppers who are demanding a multitude of products to be delivered in shorter periods.

“If one considers the Checkers Sixty60 solution it essentially guarantees you delivery of just about anything the retailer has on its shelves, within an hour.”

Ongoing delivery of such a supply chain requires huge investment and in South Africa that does not come cheap.

“It is a problem,” agrees Van Zyl. “On the other hand, with labour costs increasing constantly and with unions becoming more aggressive because of the economic pressures and the unreliability that this introduces, more and more companies are considering automation.”

That does not necessarily mean that it is all moonshine and roses, says Bailey. “Another factor to consider when it comes to automation is, of course, single-point failure rather than looking at it from a hard or soft automation point of view. If you have equipment that runs off a single processor and that processor goes wrong, it can switch your entire system off – landing you in deep trouble.”

He says it is therefore essential when automating and introducing technology solutions that they are flexible and able to meet the exact needs of the business in question.

To further add to the challenges, other state-owned entities such as Eskom and Transnet are facing their own set of woes that generally affect businesses in the supply chain by increasing costs. "Yes, there are ways to get around this like installing generators or solar solutions, or using trucks rather than rail to get goods to and from the ports," continues Bailey. There is no denying that one can relatively easily overcome some of these technical challenges – but they cost money. It is nowadays not uncommon to find large warehouses spending several million rands a month on diesel and power back-up."

He says despite the host of technology solutions available, the bottom line is still cost. "The logistics sector is facing significant cost pressures, including rising fuel prices, increased transportation costs, and a shortage of skilled labour."

This directly means an increased cost to the retailer, who in turn is being forced to pass these higher costs onto consumers, which is impacting their purchasing power and placing a strain on household budgets.

"It will be interesting to see what AI does in our industry in the next few years. On the one hand, it will help with planning, forecasting and better methods of operation, but on the other hand, retailers still sell goods that arrive in boxes and our industry is still about moving those boxes. We have yet to find ways for AI to do those physical movements," says Bailey. **SR**

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In the retail industry, Zebra Task Management can be used to track inventory and sales, assign tasks to store personnel, set deadlines for tasks and projects, and ensure that all tasks are completed on time.

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# AI-powered telematics transforming fleet management for safer, more efficient transport

**A**rtificial Intelligence (AI) has transformed the way transporters manage and monitor vehicle fleets – improving safety, enhancing efficiency, reducing costs and providing real-time insights.

According to Henry Smith, Fleets Sales Director at MiX Telematics Africa, multiple AI-integrated telematics solutions that utilise machine learning and AI to gather and interpret insights, are readily available on the market. He explains ...

“ AI-powered systems can monitor driver behaviour, optimise routes, reduce idle time, and improve productivity. This technology provides real-time insights into driver behaviour and vehicle performance, enabling fleet managers to respond quickly to issues as they arise. ”

He says AI integration takes away all the guesswork, as machine learning can interpret the driver's behaviour in real-time, allowing for immediate alerts and correction. Utilising video telematics technology allows for real-time alerts of any unsafe driving behaviours, making coaching and accident prevention simple.

More so, he says, telematics increases transparency throughout the supply chain, providing visibility into every stage of the process where a fleet is involved and ensuring that stakeholders

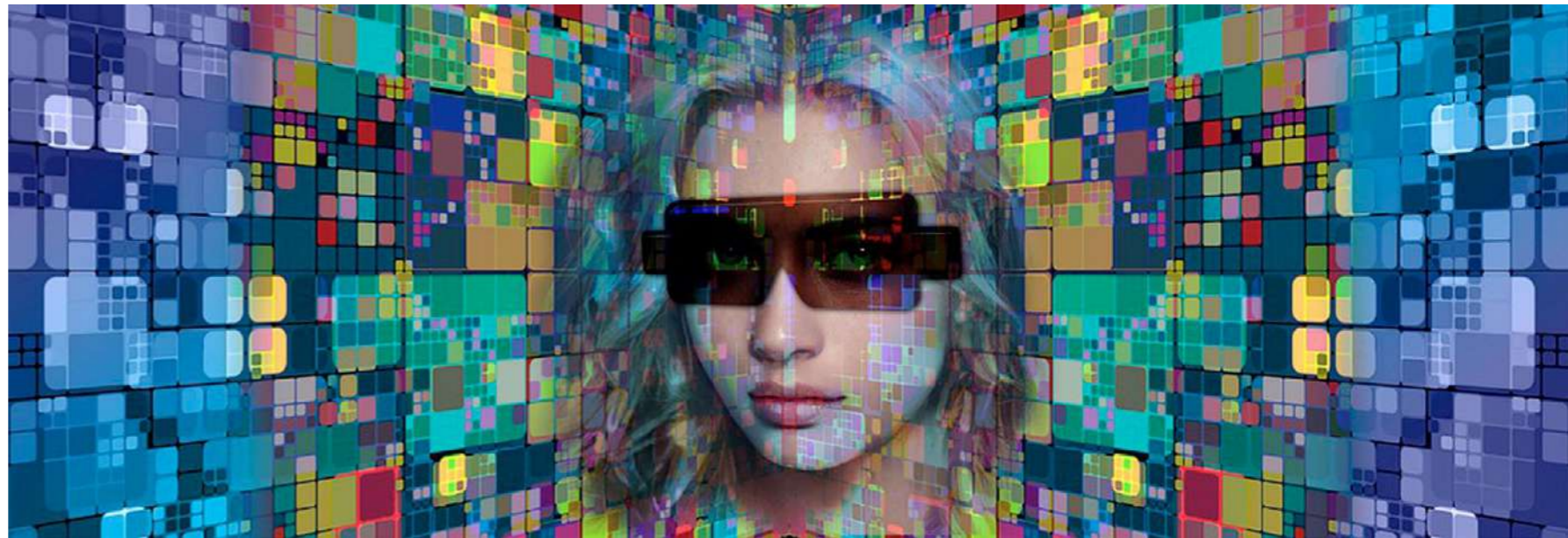


Image courtesy of Pixabay

have the information they need on hand to make decisions quicker and more accurately.

“ By using telematics to track and monitor the supply chain, you can easily identify areas where costs can be reduced and optimise operations to improve efficiency. ”

The benefits to the retail sector are vast. “It includes real-time tracking of assets, real-time data and insight to inform their business decisions, improved communication between retailers and their supply chain partners, ultimately resulting in increased efficiency and productivity.”

Brian Mudhokwani, Chief Operations Officer at ISB Optimus, says it goes even further if one starts

looking at the developments in the transport sector such as autonomous vehicles and drone deliveries.

“ It all comes down to improved logistics efficiency, which in turn means reduced costs and enhanced customer satisfaction. ”

SR



**Catherine Larkin** is a communication and marketing professional, specialising in Logistics, Transport and Supply Chain. Her company, CVLC Communication, is a corporate public relations, communication, marketing and events consultancy. Its services range from full secretariat support, project management and administration, strategy development, stakeholder engagement, through to event organisation, media, social media and publicity, as well as a range of writing and creative services.





The key to  
improving operational efficiency

## Leveraging retailer & supplier supply chain data

**A**t the end of 2023, the most successful retailers and consumer goods companies will be those who use their supply chain data most efficiently to better understand consumer demand patterns and the overall impact of macroeconomic shifts.

This is the contention of Mikko Kärkkäinen, co-founder and group chief executive officer of RELEX Solutions.

“The top concern among our customers – both retail and consumer goods companies – is inflation,” he reveals. “They want to know what to expect if they raise the consumer price to shoulder the burden of increased energy, transportation, and raw materials costs.” Kärkkäinen advises companies to focus on improving operational efficiency by

leveraging retailer and supplier data to optimise the end-to-end supply chain.

“In the best-case scenario, your company will be the very last among your competitors to raise prices for customers,” he explains.

“In these economic times, it is critical that retailers and consumer brands be strategic with their prices and run their operations as efficiently as possible while streamlining their operating budgets.”

The improvement of operational efficiency is one of the biggest challenges an end-to-end supply chain solution can help solve through waste reduction and the elimination of unnecessary costs. Companies see a quick return on investment and

achieve better control of operations, enabling faster adjustment to shifts in demand and supply.

“Labour availability and cost are key considerations in today’s climate,” Kärkkäinen states.

“We have heard from our customers that one of the biggest reasons for out-of-stock products in their stores is due to not having enough people picking at their distribution centres. When retailers can accurately forecast the volume of work at both distribution centres and stores and have visibility into their logistics, they are able to smooth the flow of deliveries and match the workload to the number of staff available. This drives better in-store availability and online order fulfilment and ensures labour is scheduled efficiently.





“In my 25 years of working with forecasting and supply chain analytics, I have never seen a more challenging time for retail and consumer goods markets,” Kärkkäinen admits. He points to the pandemic and high inflation as having a continuing negative impact on the supply chain. Disruptions and inflation have encouraged consumers to alter their shopping behaviours to stretch grocery budgets further in the face of high inflation. For instance, many forego their favourite brands in favour of purchasing private-label products.

As customer demand patterns continue to change, consumer goods companies and retailers who rely on historical data alone will have a difficult time accurately forecasting customer demand in today’s rapidly shifting environment.

“Retailers need to be able to quickly pick up on demand changes to ensure the right inventory is available in the right places to secure product availability and avoid overstock,” stresses Kärkkäinen. “Likewise, consumer goods suppliers need to leverage retail data to access the same level of visibility, not only to



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manage supply but also to adjust their assortment, pricing, and promotion strategies to fit the demands of the current market.”

He strongly suggests retailers and consumer brands add machine learning technology to their toolkits.

“The right technology can significantly improve accuracy in demand forecasts, workforce, and merchandising plans – streamlining operations and establishing cost efficiencies in the entire supply chain.”

Kärkkäinen has seen first-hand that retailers and consumer goods companies who leverage technology to process the massive amount of data in their end-to-end supply chain fare better than those who don’t.

“Even in challenging times, our customers have been able to minimise waste, protect margins, optimise operations and focus on customer service,” he says. “The retailers and consumer goods companies who come out on top during these times of economic turbulence will be those who reap the benefits of an integrated supply chain technology that optimises operations and reduces labour costs.”

Organisations aiming to take their supply chain and retail planning to the next level will have the opportunity learn about the latest tools, technologies and trends at the upcoming 45th annual SAPICS Conference. Africa’s leading education, knowledge sharing and networking event for supply chain professionals takes place in Cape Town from 11 to 14 June 2023. RELEX



Solutions is an event sponsor and will showcase its supply chain and retail planning platform, which enables retailers and consumer goods companies to align and optimise demand, merchandise, supply chain and operations planning across the end-to-end value chain.

For further information, or to register for the 2023 SAPICS Conference, call the Conference Secretariat at Upavon Management on 011 023 6701 or email [info@upavon.co.za](mailto:info@upavon.co.za).

Up-to the-minute information is also posted on the SAPICS conference website: <https://conference.sapics.org/> **SR**

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# Hot Beverages are on the boil

**F**or local retailers, the Hot Beverages aisle is a bit like an old friend. Reliable, predictable, one of life's constants. That said, it's also an innovative category that is growing in unexpected and exciting ways – and highly competitive with plenty of brands in the mix.

## Hot Beverages: a quick view

Tea is having a moment. Bubble tea, white tea, herbal tea, chai tea, health tea – and of course, rooibos tea and black tea – you name it, consumers are drinking it. Accessible, relatively affordable, and a household staple for many families across South Africa, tea is big business. South Africa and Kenya are the biggest consumers of black tea in Africa, while Rooibos tea is a firm favourite for over 30 million South Africans every day. Tea is also a category that remains open for innovation. Targeting younger consumers (think millennials and Gen Z) will encourage growth in this sector. Rooibos tea was voted among South Africa's favourite hot beverages in the 2022 Sunday Times GenNext Survey, in which more than 6 000 youth named their coolest products.

Meanwhile for those who enjoy a more robust brew, and despite the increased price tag, coffee is still king. Even with supply challenges, rising costs, and budget-constrained consumers, coffee consumption remains relatively constant. According to [www.ResearchAndMarkets.com](http://www.ResearchAndMarkets.com), the local coffee



Image courtesy of [betterretailing.com](http://betterretailing.com)

Retailers can tailor their range according to what customers are looking for in caffeinated drinks.

market in South Africa has experienced positive growth, in terms of off-trade retail value RSP at constant 2020 prices, achieving a 2.1% year-on-year growth relative to 2019. This increase is expected to continue, with the market forecast to grow at a CAGR of 2.5% between 2021 and 2025. This growth, both globally and locally, is being driven by several factors, including the increase in at-home coffee consumption. Cold brew coffee continues to rise in popularity, and speciality coffees are a luxury as well as necessity for many upper LSM consumers.

Coffee alternatives, malted drinks, all varieties of hot chocolates, instant sachets, matcha and chai mixes, and health drinks make up the rest of this category. Targeting a younger audience requires a balancing act between taste, novelty, convenience, and health. Fortified hot beverages for children are also popular, but there is a growing demand for low or no sugar options, as well as dairy-free, gluten-free, and vegan offerings.



Consumers are concerned with the quality of ingredients as well as their origin. Overly processed products with a lengthy list of ingredients that are perceived to be unhealthy is a turn off for many shoppers.

For others, price is the driving factor behind purchase decisions, although the inelastic demand for coffee and tea makes them less susceptible to fluctuations in consumer buying patterns – when the price goes up, demand stays about the same (although buying on promotion does increase and for cash-strapped consumers, price definitely plays a critical role).

## The hot beverages category in South Africa

Candice Sessions, Marketing and Brand Strategy Manager at Joekels Tea Packers shares some insights into the tea and coffee market. Along with their own range of popular teas and recently launched Society instant cappuccinos, Joekels also blends and packs white label and own-brand tea. Sessions says ...

“Both the tea and coffee categories are incredibly competitive in South Africa, and they are dominated by huge brands with big equity.”

This is a good thing for consumers, who are spoilt for choice and who can benefit from competitive prices and promotions, but it makes for a trickier landscape for producers and retailers who need to balance sales, profit, and market share in increasingly challenging times.

Image courtesy of www.joekels.co.za



“South African consumers are promotion dependent. Prices may be increasing across the board, but promotional prices are holding steady. This means that the consumer is seeing a significant saving, but it also means we are seeing a blurring of lines between entry-level or low-cost items and premium products. The industry has created this dependence on promotions.”

Everything from the long-term repercussions of extended Covid lockdowns, supply chain obstacles caused by the ongoing war in Ukraine, climate change, the cost of electricity, an unstable power supply, and the soaring cost of fuel impacts the hot beverage category – from growing and producing, to packaging and transporting. Low global coffee reserves, high freight costs, and the rising costs of raw materials are the main reasons cited for coffee price increases.

For Sessions, the soaring price of coffee was impacted most heavily by three or four separate heavy price increases over the last few years. She expects the price to level off soon, which will bring some relief to consumers. She does, however, note that ...

“As such the percentage of product bought on promotion is increasing. We are seeing more consumers waiting for deals, and shopping between retailers for the best price. E-commerce in particular benefits from this. It’s the reality of how we shop now.” While Sessions expects the coffee price to level off, and tea to see some price increases in line with inflation and other socio-economic and climate challenges, she believes the overall outlook is good.

## Black tea, green tea, fortified tea

The tea industry saw a surge in popularity during lockdown, in part due to its health benefits. According to Sessions, even humble black tea

can be considered a healthier beverage...

“ The benefits of drinking green tea are undisputed, and fortified teas offer additional health benefits such as added vitamins B or C. Tea is also an affordable drink, costing as little as 30c to 50c per cup. ”

### At home coffee and tea culture

More than just beverages, coffee and tea are ingrained into global culture. Coffee culture has been growing steadily since 2010. Sessions says, “As coffee culture grew, we started seeing speciality coffee shops and coffee franchises really take off. They created this culture around coffee – drinking it, preparing it, all the rituals and accessories and syrups and speciality drinks that we take for granted today. Retailers can take advantage of that.”

During lockdown, people learned how to make their favourite coffee-based drinks for themselves. They experimented with coffee brewing, different roasts, bean versus grounds, and even got into flavoured syrups and latte art. Gourmet hot chocolate – premium chocolate, marshmallows, and cinnamon included – also had a good run. Tea lovers also chose to expand their knowledge, try new blends, and even learnt how to make their own boba (bubble tea).

Social media influencers quickly jumped on the bandwagon with how-to videos, reaction reels, and taste-test TikToks. And then we welcomed the at-home coffee station. With elaborate set-ups,

Image courtesy of [insightsurvey.co.za](https://www.insightsurvey.co.za)



The latest beverage trend on TikTok, impacting the local tea market, is Tea Bombs. As a result, the creation of tea bombs is trending in South Africa, with recipes being shared on various websites. These tea bombs have a shell that is made of sugar. When hot water is poured over them, the shell dissolves and the tea inside brews in the water.

a range of flavours, high-end equipment, beautiful crockery, and accessories ranging from sugar crystals to hand-made biscuits, coffee culture is big business. This trend has gained some traction amongst local consumers as the call for more home use accessories grows.

While expanding on at-home ranges is not viable for all retailers, there are certainly some who should be putting some extra thought into just how far their customers are willing to go for that perfect cup at home. In this case, keep an eye on social media for product inspiration and trend alerts.

“ And don't forget your little sippers – hot beverages are a family affair as children become aware of products like babychinos, hot chocolate, and even child-friendly rooibos cappuccinos. Iced rooibos is a healthy and cost-effective alternative to pricey, sugar-filled juices and cordials. ”

As Sessions points out, flavoured Rooibos teas made for children provide an alternative choice for health-conscious parents.

### In-store coffee bars

In a world where convenience is king, providing shoppers with an easily accessible hot beverage on the go has good potential for some stores, depending on your geographic location and customer base. You don't need a huge variety of options, but keep in mind a target market of coffee lovers, tea-drinkers, those who want

to skip caffeine, and children. Offering a dairy-free milk alternative is also a smart move, also depending on your location and shoppers. Oat, almond, soy, and rice milks are becoming increasingly mainstream.

Don't forget, tipping culture is ingrained in the South African mindset. For many consumers, tipping their server or barista is a must, and some will actively avoid making a purchase if they can't tip – strange, but true. Providing a tip jar is one thing but giving your customers the option to add a tip to a card payment is another common-sense action some retailers appear to have neglected. It's frustrating for employees and customers.

### **Beneficial brews: the rise of beneficial and health-boosting hot beverages**

'Better for you' is a mantra that has been enthusiastically embraced by consumers and producers alike.

“With a renewed focus on health and healthy living, products that offer health benefits are on the rise. From added protein and micro-nutrients to caffeine-free, sugar-free, and lower calorie options, hot beverages that can make any sort of beneficial health claim are growing in popularity.”

One thing to remember though is the new labelling laws set to take effect in South Africa. According to these, many health claims made on labels will now be illegal or subject to intense verification processes.



Image courtesy of everydayhealth.com

These steamy mugs are more than just comfort in a cup – they provide key nutrients, too.

A big part of hot beverages is decaffeinated drinks. Both coffee and tea drinkers are looking for caffeine-free options for health reasons or personal preference. Sessions says, “South Africans still predominantly drink black tea; about two-thirds of tea consumed is black tea. But we are seeing growth in both the green and herbal tea categories, particularly as we introduce new variants and new flavours.”

### **Label-friendly – what consumers want and have to see on their labels**

In addition to the new labelling laws that will require a much stricter set of information to be shared with consumers, labels must be easily legible and accessible. Price, product, nutritional information, product origins, health warnings, and

how-to instructions are part and parcel of the hot beverage experience.

### **One last sip for thought**

Hot beverages cheer, revive, relax, and warm us. They allow us to connect socially with others or have a few minutes of solitude. They can be good for our health or provide a much-needed interlude during a busy day. Consumers are connected to their favourite hot beverage with strong, loyal ties – and South African consumers put their money where their heart is. Apart from stocking their firm favourites, make sure they know about new additions to your range through Hot Beverage category promotions, interesting displays, and clear signage.

## Hot Beverage trends to watch



Image courtesy of craves.everybodyshops.com

Mulled wine ... On a cold day, spiced wine is a perfect way to warm up. Make your own in a crock pot with bold red wine, spices, fresh fruits and some cognac.

**Premiumisation.** Mid to upper income consumers are becoming accustomed to a high-end, premium experience. This includes top quality instant coffees, pods, beans, and grounds, and can be seen in the tea category as well. Premium instant coffee has seen the biggest growth in this category. Promotional prices are helping to drive this.

**Value brands.** For many consumers, even with promotional prices, premium brands will be a stretch. For this reason, value brands can be expected to see growth as economic constraints further affect consumers.

**Single packs.** Sachets are easy to buy in bulk and store at home, in the office, in the car, or even in a handbag or laptop satchel, and consumers are willing to pay for this convenience.

**Convenience.** We all know this isn't a trend, it's a lifestyle component that isn't going anywhere. Instant tea- and coffee-based drinks and single servings of any hot beverage are a growing market. Consumers want the fun and flavour of their favourite drink, or that instant energy boost from a caffeine hit, and they want it immediately.

**Milk alternatives.** Dairy-based milk, creamers, and creams are still the most popular choice for most consumers but consider stocking options

such as half-and-half for those looking to expand their experience. Lactose-free and dairy alternatives are necessary for those with certain health or diet requirements, as well as those looking to reduce their environmental impact or consume more sustainably. Not all soy, nut or oat milk is created equal, and consumers may settle on a preferred brand depending entirely on taste and preference instead of price. This is still a very niche market locally, but international forecasts predict it will continue to grow.

**Sip and dip.** These essential accompaniments to one's favourite hot beverage fall into several categories: decadent treats, nostalgia, snacktime, a quick filler – ranging from the perfect petit fours to serve with high tea or a buttermilk rusk for dunking in your morning coffee to low-sugar healthy biscuits

or chocolate chip cookies. Although certainly not essentials, most consumers will be looking for some combination of value for money, tried and trusted brands, novelty, and premium products. Utilise cross-merchandising to inspire your shoppers to try out your range.

**Sugar alternatives.** Include alternative options such as non-nutritive sweeteners, xylitol, honey, agave, and stevia in your range, and ensure your shoppers know where to find these products in your store. Taste, price, and perceived health benefits drive these products that are so inextricably linked to hot beverages.

**Global inspiration** – As interest in international experiences rises and South Africans continue to look at Asia for inspiration, we are likely to see a growth in tea culture. Consumers are embracing the health benefits of green, herbal and rooibos teas. **SR**

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**Ann Baker-Keulemans** writes on topics related to business, lifestyle, technology, and health, with extensive knowledge on the SA retail and wholesale landscape. Contact [annbk@wilkinsross.co.za](mailto:annbk@wilkinsross.co.za) | [www.wilkinsrossglobal.com](http://www.wilkinsrossglobal.com)



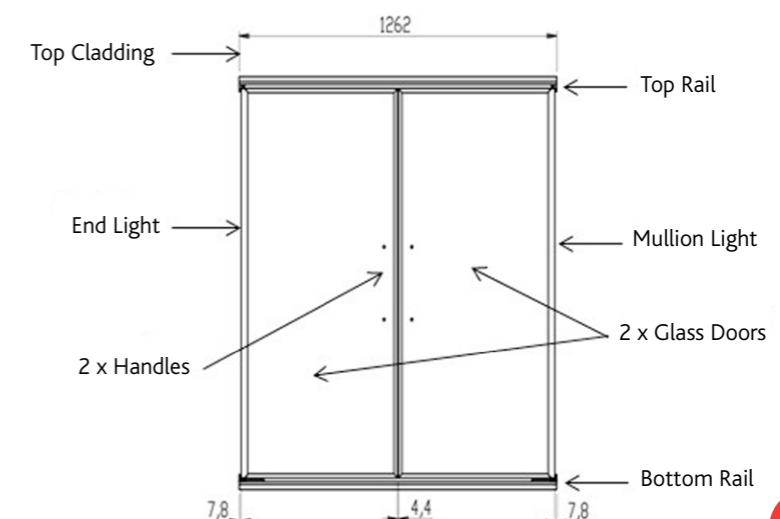
## Close The Case

Designed as a retrofit solution for existing Supermarket display cases, the Glacier Air Shield Glass Doors offer up to a 40% energy saving in an ever-increasing energy cost environment as well as improved cabinet temperatures and product benefits.



## Features and Benefits

- Reduced energy consumption.
- Extended product shelf life.
- Double glazed Argon Gas filled void for superior insulation.
- Optimal product temperatures.
- Spring loaded glass doors.
- Solutions for new cabinets or retrofitted on existing cabinets.
- Less cold air spillage – warmer aisles.
- Optional Mullion LED lights and door hold-open brackets.
- Heated option on our Standard Airshield Doors to suit coastal conditions.
- Integrated (full length) handle option.



## Infinity / Infinity Integrate Glass Doors

The new Infinity Glass Door is designed with edge-to-edge glass and screen print border. This door offers increased visibility and a more modernised look and feel. Glacier has also launched their new Integrated Glass Door which incorporates a full length profiled handle.

### Low Temp Eco Leaf (Energy Saving) Doors Aluminium Frames:

- Heated Door and Architrave
- Natural 15 micron anodized or black textured powder coating (Coating to SABS standards).

#### Glass

- Safety toughened 4mm glass inside and outside standard on all doors. (Toughened to SABS standards).
- All Glass Doors are Argon Gas filled for superior insulation.
- Low temperature doors are fitted with a heated front glass and a clear rear glass, both safety toughened.

### Normal Temp Doors Aluminium Frames:

- Door and heated Architrave
- Natural 15 micron anodized or black textured powder coating (Coating to SABS standards)
- There is a thermal break on the inside of the door frame.
- All architraves are fitted with anti-sweat heaters.

#### Glass

- Safety toughened 4mm glass inside and outside standard on all doors. (Toughened to SABS standards)
- All Glass Doors are Argon Gas filled for superior insulation.
- Normal temperature doors are fitted with Low emission front glass and a clear rear glass, both safety toughened.

#### Lights (LED)

Energy Saving LED 22W, 6000K, LED Light fitted on the inside of the architrave in a closed polycarbonate light diffuser.



#### Lights (LED)

Energy Saving LED 22W, 6000K, LED Light fitted on the inside of the architrave in a closed polycarbonate light diffuser.

# The Mercator model in the Balkans

## Loyalty and localisation are the attributes that the Slovenian brand follows to satisfy both consumers and suppliers

“Mercator najboljši sosed” ... the Slovenian for “Mercator, the best neighbour”!

**A** Slovenian brand, Mercator, based in Ljubljana, operates in Slovenia, Croatia, Bosnia Herzegovina, Serbia, Montenegro, and North Macedonia.

For about 15 years, it has also extended its strategic plans to Bulgaria and Albania, with the aim of standing out not only in the Slavic territorial domain, but throughout the Balkan region.

Mercator is owned by the Croatian Fortenova Group, which operates both as a manufacturer and as a distributor (since 2019) in Central and South-Eastern Europe.

Fortenova’s strategy consists of collaboration with local suppliers, maintaining and developing short supply chains, developing agri-food production of local origin in all the markets in which it operates and investing in knowledge and innovation in order to enhance competitiveness.

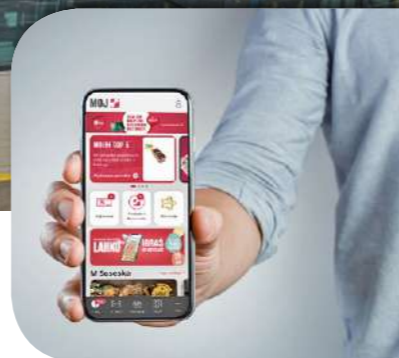
In food manufacturing, retail chain management and agriculture, this Group has developed more than 4 000 products and provides a large number of services.

Fortenova has over 45 000 employees, 29 production plants and more than 2 500 sales outlets and distribution centres: it is the largest private employer in the South-Eastern European area.

External view of a new Mercator store.



The Mercator sign on a flag which flies outside a store.



‘Moj M’ ... the smartphone application that simplifies the use of the Pika Card (Mercator’s loyalty card).







## Mercury EK-2100

# Built to Fit In and Get Down to Business

The Mercury EK-2100 Series is a 21.5" interactive kiosk with a stylish, compact, and functional design that helps retailers implement contactless, safe, efficient, and reliable service to the customers.



NFC/RFID Reader



Fingerprint Sensor



2D Scanner



Status Indicator



EMV Supportive\*



Power Safety

\*Posiflex does not sell the EMV payment devices, but can provide bracket support with an additional charge

## Ingenious Design

With the choice of floor-standing or countertop, the Mercury EK-2100 Series ensures flexibility to meet the needs in any retail setting.

## Easy Serviceability

Engineered for easy assembly and maintenance, Mercury EK-2100 Series lets retailers assemble and switch out components easily.

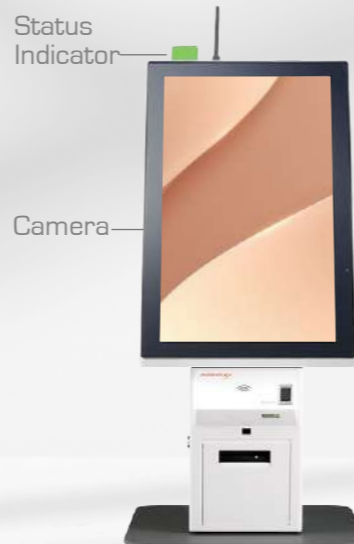
## Seamless Integration

Mercury EK-2100 Series offers a flexible solution with a variety of choices of peripherals including a Fingerprint sensor, an NFC/RFID reader, a 2D scanner, and a bracket for EMV payment devices.

# PRODUCT SHOWCASE



COUNTERTOP



FLOOR-STANDING



The 'key sectors' of this multi-faceted business are retail, the production of beverages, edible oils, fresh and processed meats, milk, dairy products and agricultural products.

Mercator has developed an excellent distribution model and they range from well-located 100m<sup>2</sup> convenience stores to large hypermarkets.

This ensures that over 750 000 Mercator customers have a Mercator loyalty card, and this is from a total population of just 2,1 million residents. This means that just about every family in Slovenia is a loyal supporter of Mercator, which matches its slogan "Mercator, the best neighbour".

The distributive quality of Mercator (intimately linked to Fortenova) is expressed in multiple characteristics, which are unequivocally recognised as a retailer.

### The loyalty strategy

As described above, the Pika loyalty card is widely used throughout the trading areas of Mercator. Promotional activity around the card includes the usual discounted products, special days with double or triple points, pensioners' discounts, specific promotions supported by the supply chain partners, as well as a digital option.

However, the brand is fully supported due to another card benefit – the return bonus.

Basically, the return bonus which is guaranteed for regular loyal customers, increases with the accumulation of points over a six-month period and provides, in percentage terms, discounts ranging from a minimum of 2% up to a maximum of 6% of the amount actually spent.

The fixed denominations of the discount vouchers that can be issued to Pika Card holders are equal to €5, €50 and €210. They are respectively obtainable as the consumer gathers various ranges of points.

For example, as they gather 250 points, they earn 5 free points, equivalent to a 2% discount.

Discounts increase dramatically, as the consumer saves further points. For example, the threshold of 1 250 points awards them 50 free points, equivalent to a 4% discount and the top discount of 6% is achievable when the consumer gathers a total of 3 500 points.



The only snag is that all points and thresholds must be achieved within a period of six months, after which the points gathering exercise starts all over again. This ensures that loyal customers keep on supporting the stores in order to be able to use their respective discounts within the prescribed period.

Well-planned lighting highlights all parts of the store, especially the fresh produce section.



The Mercator hypermarket fruit and vegetable area uses green and 'wood' crates for mass displays, to illustrate freshness and 'genuineness'.

The aim of the exercise is to nudge customers to reach the threshold of Euros 3 500 (close to R70 000) in a six-month period to earn the 6% discount – not an impossible task, if one concentrates the family’s grocery spend in the Mercator stores and does not dissipate it by shopping elsewhere!

Competitive chains elsewhere in Europe also have good bonuses but they are hardly more than 2% of the total spend per chain.

**Here is an example of a typical promotional week:**

- Wed Double loyalty points on purchases up to Euro 50 and triple points above Euro 50
- Thu 10% discount for pensioners for purchases above Euro 20  
New week’s promotional leaflet is available (Thu to Wed cycle)
- Fri 25% discount on selected products (not on the weekly leaflet)
- Sat 25% discount on a different range of products  
Free sports newspaper to all purchase over Euros 10

**Differentiation on the domestic market.**

In Slovenia, in addition to Mercator, there are also Spar, Lidl, Hofer, Tuš, Eurospin and E. Leclerc shops.

Mercator’s plans to differentiate itself from the competitors are focused on their private label strategies, by focusing on the quality:price ratio to suit local tastes, as well as its localisation programme of promoting local tastes and flavours in each region.

Mercator is very proud of the products of the ‘Radi imamo – We love homemade’ range, from 160 local suppliers and 20 different cooperatives,



In the Mercator hypermarkets, the ‘fresh market square’ is located in the centre of the store. Here, prepared foods, cheeses, cold meats and other gastronomic specialties are served by highly qualified staff.

available in 255 Slovenian stores. This special range of products, with the image of a red heart, varies from shop to shop, as the so-called ‘principle of locality’ is followed when they are included in the assortments of each store.

In Mercator’s stores throughout Slovenia, on special stands and shelves marked with a red heart, they constantly offer a wide selection of genuine home-made products from local farms and cooperatives .



Frontal view of the large kiosk dedicated to gastronomy, cured meats and cheeses.



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We sell Farms, Fresh Produce and Products!

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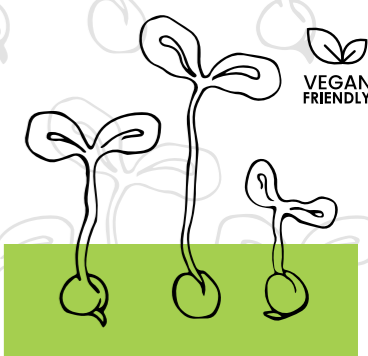


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**PESTO**

CHUNKY OR SMOOTH



**#TASTESLIKEMORE**

Upgrade your pesto game and indulge in a nutrient-packed delight with our Microgreen Pesto, The delicious alternative to traditional pesto and perfect addition to everyday meals.

**"MicroThumbs pesto is so versatile and works in a variety of dishes. Its fresh, Zesty and most of all tasty!"**

Master Chef SA Winner - Roxi Wardman

**MICROGREEN PESTO RECIPES WITH A ROXI TWIST**



**Zesty pesto Sirloin**



**Sweetcorn Benedict**

Satisfy & revitalize your taste buds with a burst of flavor!

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## Excellence in localised food

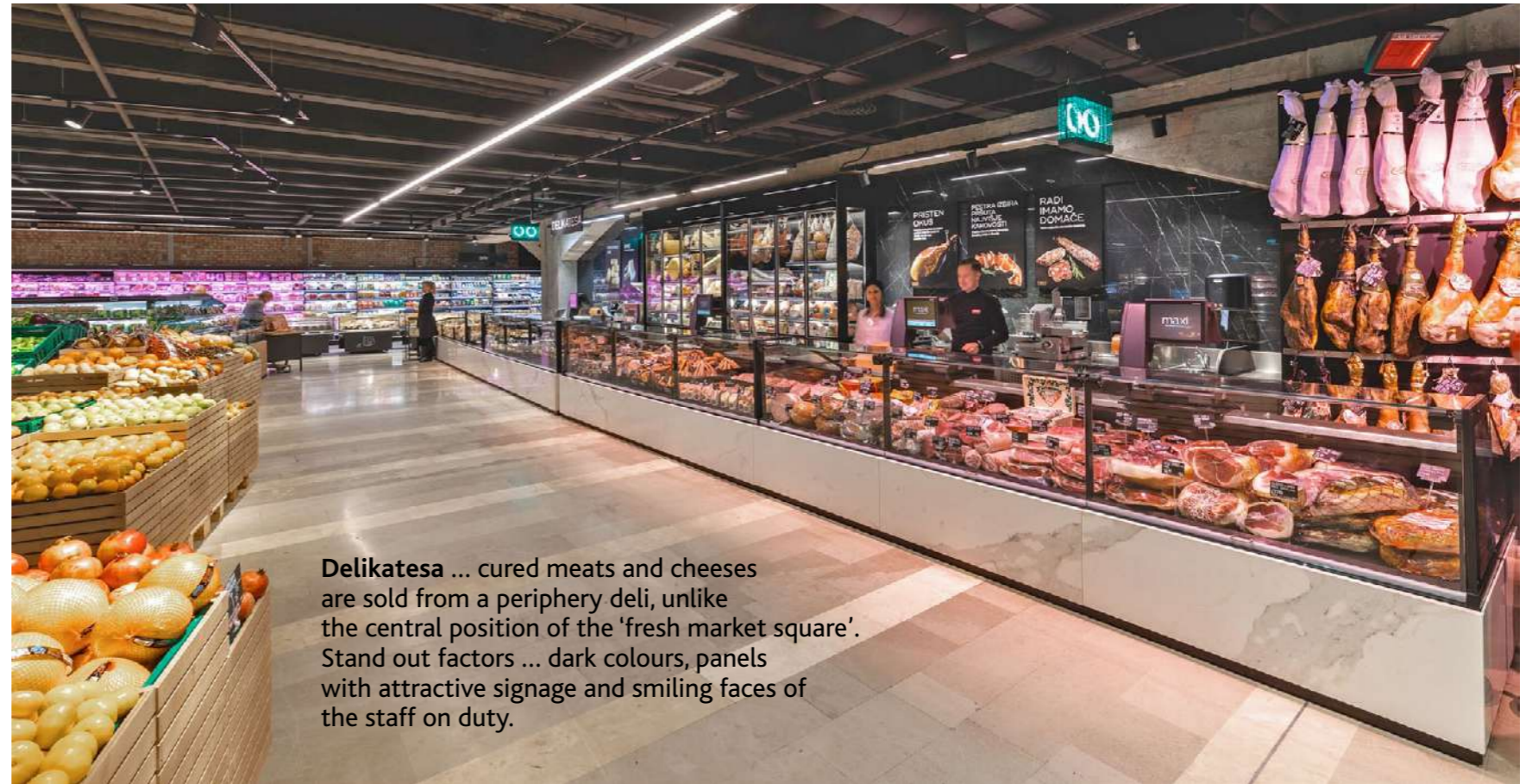
Here are some excerpts from the company's website.

## Gifts from the countryside

"The Slovenian countryside is exceptional due to its above-average biodiversity, unspoiled nature and rugged terrain. Above all, it is something special because it is ours. We must therefore take care of its development and access to quality domestic products ourselves. Slovenian farms are more often small than large, as the terrain does not allow for intensive processing, but they can therefore bet on the quality of products rather than their quantity. Mercator has recognised their importance for decades and is expanding its domestic offer on store shelves near them. Of course, it is important that their excellence is also recognised by customers."

## Natural taste

"We really love homemade, because the taste of products that have short delivery routes is simply better. Maybe homemade yogurt, apple juice or meats ... have a shorter shelf life, but they are made according to recipes that are known to us and written in our genes. In principle, such products are not treated with preservatives, as they fully ripen before they are picked. They contain more vitamins and minerals and have appropriately better nutritional values."



**Delikatesa** ... cured meats and cheeses are sold from a periphery deli, unlike the central position of the 'fresh market square'. Stand out factors ... dark colours, panels with attractive signage and smiling faces of the staff on duty.



Area of a fruit and vegetable department, with 'ready-to-eat' display and dispensers for 'self-service' juice and dried fruit.

## The importance of self-care

"In times of various economic and health crises, the importance of self-sufficiency becomes even greater, as it ensures an uninterrupted supply of basic foodstuffs. In this way, we are independent of external traders and can therefore feel more secure even in changing circumstances. In Mercator, we work with many Slovenian cooperatives and farms, whose products are part of the Radi imamo domnaje brand. In this way, we promote the preservation of the countryside, reduce environmental pollution due to long transport routes and help preserve important jobs."

Some examples of our homemade ranges include smoked pork ribs, wild boar salami, herbal tea syrup, sour milk with honey, goat and sheep yoghurt, local raspberries, blueberries and cherries, beet grits, and many more.”

### Gastronomic regions of Slovenia

“The gastronomic regions of Slovenia are closed cultural-geographical areas where the concentration of a certain number of dishes is the greatest and enables their limitation. In these 24 regions, after some additions, today there are 365 typical local and regional dishes and drinks. Anyone who wants to get to know the most recognisable dishes and drinks can taste something different every day for 365 days.

At Mercator, we feel a duty to highlight the importance of preserving indigenous, domestic, and traditional varieties and animal breeds, as well as their preservation as part of cultural heritage and an important contribution to greater biodiversity in the Slovenian countryside.

Slovenia is home to 13 indigenous and endemic and 14 traditional animal breeds, as well as 41 indigenous/endemic and 18 traditional plant species.

Examples include indigenous cicada cattle, Slovenian buckwheat, indigenous Bovska Sheep, traditional brown hens, Slovenian roe deer goats, Sana goats, Karst-Poland pigs and Carniola round cabbage.



As we explore various European chains in *Supermarket & Retailer*, it is obvious that sustainability and localisation are becoming more and more important for various chains to differentiate themselves from the international chains. **SR**



'Radi imamo domače' brand (We like it homemade), image with goat yoghurt tasting suggestion, in a 200 gram jar.

**Pekarna** ... display of bakery products in a hypermarket. The carbonated soft drinks on display match the Slavic habit of consuming drinks with bakery products.



'Radi imamo domače' brand (We like it homemade), image with tasting suggestion of organic sheep yoghurt, in a 200 gram jar.





**Insulated Structures**  
*Efficiency At Work*

## Effective solutions to reduce the cost of in-store refrigeration

### Polyurethane Injected Panels

- Standard panels: Outer and inner skin of frost white Chromodek, also available in black finish.
- Polyurethane injected panels for superior insulation and adhesion.
- High-impact PVC interlock profiles on all edges provides totally sealed insulation and a perfect vapour barrier.
- Tongue and Groove panel options available.
- Easily erected.
- Optional skin finish in Stainless Steel – Grades AISI 304 AIS 403.

## Cold & Freezer Rooms



### Floors – Fabricated and Concrete

#### Fabricated Floors

- The inside floor finish is 1.5mm Aluminium tread plate glued and screwed to a marine ply base.
- Galvanised plate options available in lieu of the Aluminium Chequer Plate finish.

#### Concrete Floor

- Concrete floors are used for flush or step-up entry and in permanent structures. Usually a recess of 150–170mm is used to accommodate the foam slab insulation and the concrete screed.



### Meat Rails

- Hot Dipped Galvanised system.
- Support structure integrated into insulated panels.
- Optional free-standing continuous galvanised system with bends and switch gear.

### Aluminium Chequer Plate

- Installed as an option to protect panels from scratches and light impact damage.
- 1.5mm and 2.0mm thick options.
- Standard height 1 250mm AFFL.





**Insulated Structures**  
Efficiency At Work



Up to 40%  
Energy Saving



New or Retrofit  
Existing cases

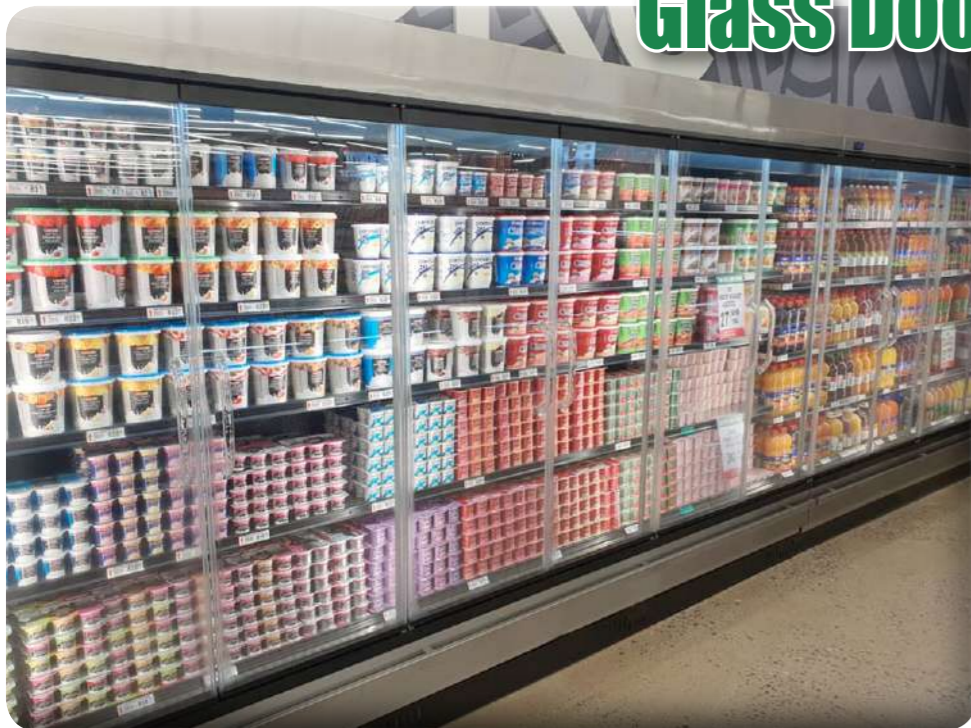


Environment  
Respect

## Benefits of Airshield Glass Doors

- Reduce Energy consumption.
- Extend Product shelf life.
- Double Glazed Argon filled void for better insulation.
- Optimal Product temperature.
- Glass doors have an option of Mullion lights. Quoted separate.
- Handles included.
- Up to 40% energy saving.
- Solution for new cabinets or retrofitted on existing cabinets.
- Doors are spring loaded.
- Less cold air spillage – warmer aisles.

## Airshield Glass Doors



## Ways to save

With energy cost rising and food retailers looking to improve the shopping experience environment for customers, Insulated Structures has developed an effective solution to reduce the cost of in-store refrigeration while enhancing the customer experience.

Insulated Structures doors are easy to retrofit on in-store cabinets to reduce the energy required to keep chilled foods at the correct temperature.

Meanwhile, customers are able to clearly see and access the products on offer. Reduced energy requirements means smaller refrigeration plant selection for new stores. These savings will off-set the initial cost of the doors. Up to 40% reduction in refrigeration requirement has been achieved.



Standard Airshield Glass Doors with a Black Frame.  
Heated Hybrid also available in this design.  
Heated Hybrid Glass Doors are fitted with a heater to reduce condensation on the doors in Coastal areas.  
Heated Hybrid is fitted with soft closers.

Premium Airshield Glass Doors.  
Frameless Door with Argon Gas filled for better insulation.



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# Builders Warehouse collaborates with Thabang Lehobye to help customers

## #DoltYourWay

South Africans have embraced do-it-yourself (DIY) upgrades for their homes with homeowners expected to do more home renovations this year, tapping into the consumer trend to help create the space and environment they want for their homes.

Builders recently ran a survey with a handful of customers to improve the in-store experience. Responses received were remarkably similar with the common theme across all being that customers wanted to feel like they were being taken on a journey, allowing them to experiment with the different options available to them to select the best option for their needs. They wanted to leave a Builders store feeling empowered to make the right purchase decisions for their home renovation needs.

“One of the simplest and most effective ways to transform your home is to use paint. One of the biggest structures in a home are the walls and painting them the right colour can do wonders in transforming the design and feel of your room. Leveraging our customer feedback, we collaborated with Johannesburg born contemporary artist and illustrator Thabang Lehobye to host our Paint DIY event to show how personal spaces can be transformed using colour and texture,” says Janet Booyesen, Marketing Executive at Builders.



Artist Thabang Lehobye and Janet Booyesen, Marketing Executive at Builders

Thabang will bring an abstract meaning to the process which will help DIY fanatics find creative ways of stretching their buck and transform their spaces and environment #DoltYourWay. Understanding the power that paint has to affect moods, energy and perspectives, Builders recently unveiled a back-to-basics tool at its DIY event to give its customers, the confidence they need for their next painting project.

Influencer Tammy Botha painting her own work of art.



Guests interacting with spray paint DIY station



Guest Tammy Botha making her mark on the Wall of Fame



Event guests painting at the DIY session hosted at Builders Midrand



DIY picture frame painting class with Rust-oleum spray paint



Janet Booyesen, Marketing Executive talks about new in-store innovations in Builders Warehouse stores



Magenta themed eats representing the Colour of the Year ...  
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# The Awakening ... Activations in Africa



By Warren Brett  
Cluster Executive  
SEA Region  
Smollan Tanzania

Activations are the key that unlocks the connection between brands and consumers as they drive to incite trial and drive conversion, selling benefits over features and affecting behavioural changes

The digital era is on us with the pandemic sealing the deal as tech and ecommerce stepped up and on parade. Tantalising us with seamless, effort-less shopping, even at 3am when sleep just won't play the game – essentially reprogramming our DNA.

In the bigger picture looking well beyond the horizon (or is it just around the corner?), we are ultimately gearing up to be humanoids where our bodies are landscaped for tech. Super handy, but not just yet. As it turns out we also like the human-on-human experience – to network as a crew, to be part of a crowd and share experiences.

Warren Brett takes a closer look at activations in Africa. Where personal and immersive experiences capture interest and set the scene for a properly engaging story and where the customer feels great about their decision to buy product X or Y. Therein lies the beauty, that cannot be experienced (for now) from a couch.

Activations are the key that unlocks the connection between brands and consumers as they drive to incite trial and drive conversion, selling benefits over features and affecting behavioural changes.



Image courtesy of Magda Ehlers, Pexels

As the market becomes increasingly flooded with a wide range of products and services it breeds a highly competitive environment to gain customer wallet share. So too, consumers are becoming increasingly discerning and with said tech developments and internet penetration they are not only well exposed but also knowledgeable. In turn, retailers and brands have had to shift their focus from awareness to connections, which have proven to offer a longer-term customer lifespan.

In Africa, companies are now offering more interactive BTL activities including activations as a must have in their marketing plans from sampling activities, experiential activities, and in-store activations to drive brand and increase product uptake.

### A chance to build, target and engage

“Activations in Africa are on the increase – an opportunity to position brands differently based on who your target market is, where they are shopping, and what they like to be associated with. As well as addressing specific needs both functionally and emotionally.

With the economic difficulties affecting the region we've seen that consumers are shifting their shopping behaviour to purchasing more local products that are cheaper. This has forced multinationals



Image courtesy of Petr Ganaj, Pexels

to focus on the benefits of selling promotions and association marketing that is primarily being driven by consumer facing activations,” says Brett.

For niche brands – events, high-net worth activities i.e., golf activations and tastings as well as mall experiential activations are beginning to sway consumer decision-making. At the other end of the mass brands scale, initiating high traffic activations such as roadshows, market storms and home-to-home are reaching B-C2 consumers.

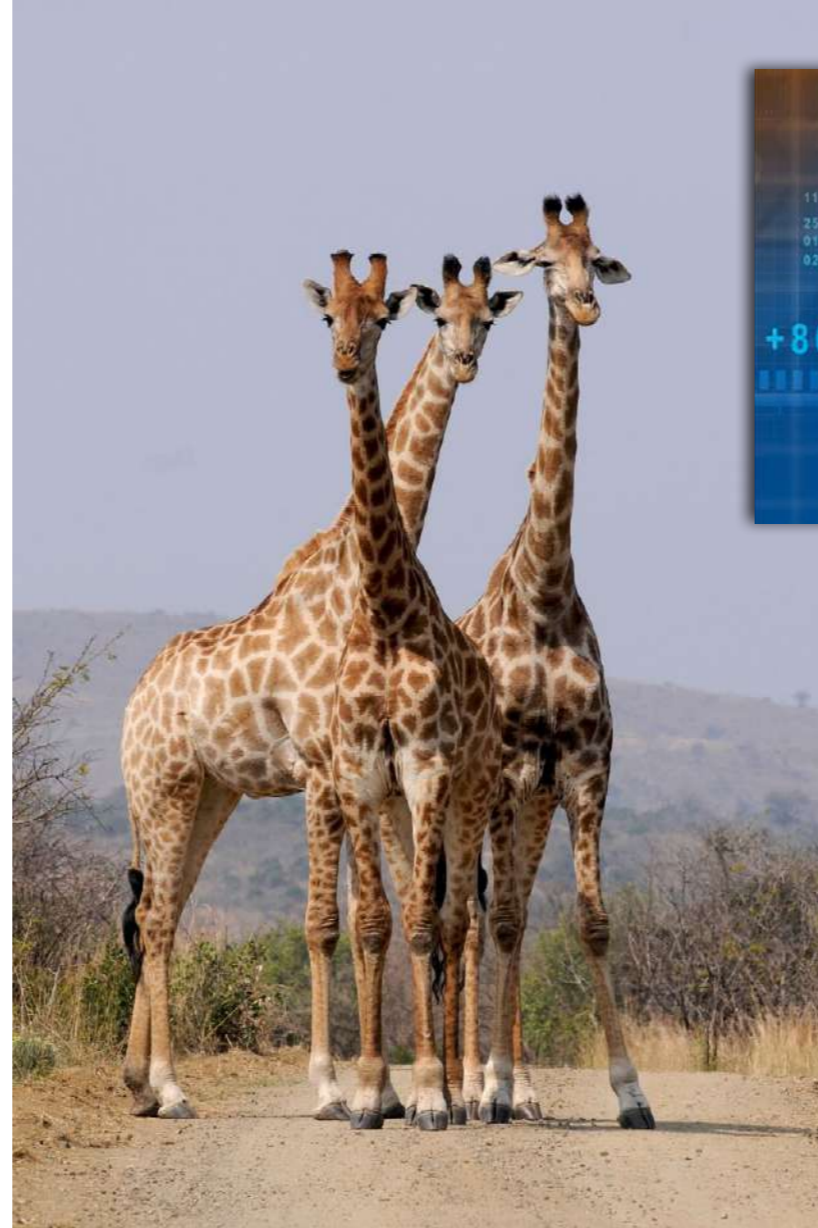
“We can then measure the effectiveness of activations with the ability to track reach, conversion as well as consumer insights which assist in tailoring the activation strategy to fit a specific consumer segment,” added Brett.

That said, there are challenges as reported by [www.Ecommerce.co.za](http://www.Ecommerce.co.za). Customers in Africa in generalised terms are happy to experience brands for free during trials and shows, but not necessarily patronise the brand going forward.

Valuable strategies to shift this narrative include ...

- Using activations to increase brand value as findings show that customers in Africa do not regard value as making extraordinary promises, but rather as consistently fulfilling simple promises.
- Thoughtfully planning and running activations that deliver the right messages to the right audience at the right frequency through the proper channels.

Image courtesy of Pixabay, Pexels



- Determining the exact role of the activation at each step of the buying journey. Offline and online activations must also be in sync.
- Prioritising intimate customer engagement over massive events can create new opportunities for understanding customer behaviour, consumption patterns, values, and lifestyles.

Image courtesy of tekeidia.com



Image courtesy of Steward Masweneng, Pexels

“Giving support to value chains and creating a buzz with consumers who have not necessarily experienced these types of events before is incredibly satisfying. We’ve seen first-hand in Kenya how we were able to reach 56 000 consumers in a week with a conversion rate of 91% for one client; 30 000 in-store customer interactions with approximately 7 500 Pcs sales recorded for another, and in a roadshow and caravan format, onboard 19 569 traders. It makes the activation potential in Africa, despite the challenges, so exciting,” said Brett. **SR**

# Load-shedding leaves SA's pie industry cold



Dr Dana Braithwaite  
Research consultant  
BMi Research

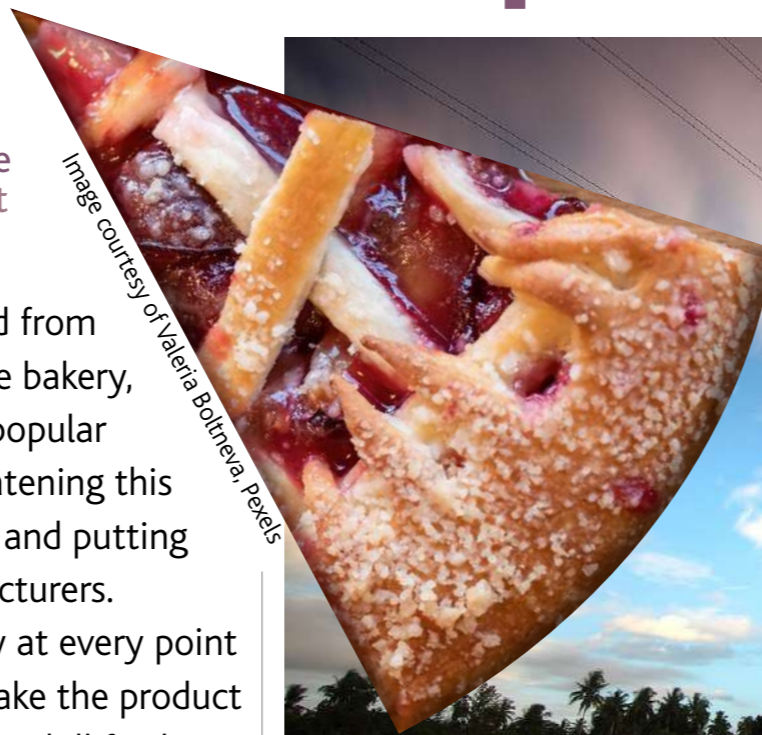


Image courtesy of Valeria Boltnaya, Pexels



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The humble pie, whether procured from the corner café or most exclusive bakery, remains one of South Africa's most popular fast foods. Yet load-shedding is threatening this industry, severely curbing its growth and putting pressure on already strained manufacturers.

Pie producers depend on electricity at every point in the supply chain: to bake or par-bake the product at the factory, to freeze frozen pies or chill fresh pies during delivery, and to keep pies warm for purchase. Power failures at any point along this chain negatively affect the product, resulting in wastage and further cuts into profit margins.

According to manufacturers, that is exactly what is happening. The findings of the Pie Market Assessment, conducted by BMi Research during 2022, were recently released, and reveal the true impact that load-shedding is having on this industry.

All producers said they were struggling with the sustained power cuts, especially the longer load-shedding stages and where stages were quickly swapped with little to no warning, which derailed baking schedules and hampered delivery times.

The effects of load-shedding are being most keenly felt in this industry because it was one of the sectors hardest hit during the Covid pandemic. Under hard lockdown in 2020, hot food sales were prohibited, and then only slowly phased back in.

Expectations were that the market would bounce back in 2021 as pandemic volumes were reclaimed and the industry began to grow again. BMi's 2021 market research even pegged annual volume growth at above 5% for the next few years. But that didn't happen. Infrastructure and power problems continued to hamper recovery efforts,

putting the brakes on anticipated gains.

To quantify the true impact of load shedding on this sector, researchers used the difference between projected growth and actual growth achieved, with many respondents confirming that much of that difference could be attributed to load-shedding.

What this showed was that long-term growth expectations had lowered considerably with much

less volume growth per annum, as a result of the rolling blackouts and slow economic recovery. That equated to significant growth being shaved off the industry. So, although the pies category increased by double digits in 2021, following a double-digit volume drop in 2020, these figures have not yet reached pre-pandemic levels.

Larger, national producers that diversified their offerings, and bakeries providing bread and baked confectionery alongside pies, were best able to weather both the lockdown restrictions and subsequent slow economic recovery.



Producers that relied solely on pie production were hardest hit in 2020 and the slowest to recover in 2021. Small bakeries and smaller pie producers were the most vulnerable to negative economic conditions and resultant closure. The research showed that a number of smaller producers have since closed down.

Aside from load-shedding, this industry has also had to battle inflationary increases and significant hikes in raw materials costs. Oil, used in the baking process and in pies themselves, more than doubled in price during 2022, while the paper needed for pie packaging has experienced double-digit price increases over the past 18 months. These were both as a result of the Russia-Ukraine conflict.

Along with the conflict, the continued negative impact of lockdowns on supply chains, mainly resulting in increased freight costs, further affected this sector.

Around 30% of raw materials used in the packaging industry are primarily imported from Europe, with a small percentage coming from the USA. Those regions have not faced inflationary increases in years. So, when energy prices spiralled after the start of the war, these countries put an energy surcharge on their production costs, expecting the energy prices to eventually drop. But they never did, and the war continues, so that surcharge became a realised price increase.

Packaging materials account for more than 60% of the overall product cost, pointing to the real impact of these price hikes on local manufacturers. These increases are now being passed onto

Image courtesy of Kaique Rocha, Pexels



cash-strapped South African consumers, who are already struggling to maintain pace with cost-of-living escalations and significantly reduced disposable income.

Pies are still an affordable, good value-for-money offering, relative to other meal options, but these factors mean that consumers are more cautious than ever before about impulse purchasing.

BMI's research also revealed that the standard pie size of 151g to 210g remained the preferred size for pies across all pie types, and was an offering provided across the board by almost all pie manufacturers.

Regional players preferred non-foil pies, with many citing the cost of the foil as a deterrent to inclusion or the primary reason why it formed a smaller share of their offering.

Overall, the industry forecast a conservative volume gain from 2021 to 2022 with even more conservative growth expected in the medium term, as the market remains unpredictable, with radically changing consumer spending patterns.

Despite all this, the pie industry has shown remarkable resilience. During 2020 and 2021, many producers changed their product mix from fresh and frozen to just frozen, as well as their distribution channels, to accommodate the changing market conditions. This gave enterprising existing and new players the chance to take advantage of certain market opportunities.

“ As a result, we now have a number of innovative pie business concepts that have entered the market, and that are going a long way to help steady the ship in these uncertain times. ”

This is encouraging, given South Africans' love for pies as both a lunchtime snack or meal for the entire family on a load-shedding night when cooking is not an option. **SR**

# What African consumers' desire to act against climate change means for organisations' ESG pledges



Nomava Zanazo  
consultant at  
Boston Consulting Group

Although Africa's contribution to global carbon emissions remains negligible, the continent is already feeling disproportionate effects from climate change and will bear most of its consequences in the coming years. And African consumers are starting to worry about that.

Our 2022 pan-African survey of consumer sentiment shows that 'effects of climate change' is among the top three concerns of African consumers, with two thirds of consumers declaring that they worry about its effects on economies and communities, in line with the global average. But they don't just worry about it. They also feel that it is their personal responsibility to address it, far more than their global counterparts.

Will this sense of responsibility translate into action? I'm not sure given the affordability imperative, but companies who play the social and sustainability card will clearly appeal to this feeling.

Last October, we asked 6 000 consumers in South Africa, Kenya, Ethiopia, Nigeria, Morocco, and Egypt about their economic and social concerns. While inflation topped the list, a majority of consumers in all six countries cited the effects of climate change



as a major worry, especially in countries that were severely hit by natural disasters in the past years. Drought and flood were the effects consumers mentioned most, followed by high temperatures, famine, water shortages, and lack of safety.

In Kenya, where droughts are threatening food security, the effects of climate change worried 83% of consumers, ranking second among their concerns. In South Africa, where devastating floods were witnessed, it ranked third (62%), after concerns about the recent price increase of goods and services (85%) and worries about personal finances (71%).

Most strikingly, however, the African consumers we surveyed are far more likely than their global counterparts to believe that it's their responsibility to act in the face of climate change.



Image courtesy of Pixabay, Pexels

In South Africa, nearly 60% of consumers feel responsible to act, compared to 80% in Nigeria and 76% in Kenya.

Almost 60% of those surveyed told us that they feel this obligation, well above the 20% who said so in global peer countries. This may be because African consumers see every day the effects of climate change on their communities. Or because they are less confident than their global counterparts that their governments





will take action. Or because sustainability claims by corporates operating in Africa remain shy. Or all of the above.

### Building on this sense of responsibility

It is true that willingness to act, however, is not the same as taking action. But African consumers are telling us that sustainability can be a selling point. So how can governments and corporates build on this sense of responsibility?

Clearly not by making sustainability pledges on decarbonisation, net zero and recycling only. Africa produces 3.8% of global emissions, and 65% of people living in Africa still need access to electricity and robust infrastructure. African consumers' concern is not about reducing emissions and sustainable consumption; it is more related to supporting their local communities, especially in rural areas, who keep suffering from the effects of climate change.

Our global research revealed that nearly 3 out of every 4 consumers admitted to feeling wary of corporate sustainability claims and commitments and that only 1% to 7% have paid a premium for sustainable purchases. While our global survey confirmed that most consumers are ready to embrace sustainable products, it's clear that companies still have a long way to go to inspire the consumer action needed to help reach global climate ambitions.

In developing countries, corporates can succeed by making strong ESG pledges, but these cannot be the same kinds of pledges they're making in

Image courtesy of Akil Mazumder, Pexels



Image courtesy of rfstudio, Pexels

“African consumers' concern is not about reducing emissions and sustainable consumption; it is more related to supporting their local communities, especially in rural areas, who keep suffering from the effects of climate change.”

more mature countries. Corporates too should be working toward adaptation rather than mitigation. Those adaptations must focus on making sustainability accessible and affordable.

Companies must understand why consumers hesitate to adopt sustainable products and services and then either innovate to remove real barriers or use communication to address perceived barriers.

For example, many consumers think sustainable alternatives to products and services simply don't exist, even when they are plentiful on the market. And consumers who are aware that sustainable products and services exist may assume that they are a lot more expensive than they actually are. Consumers who are on the fence about making sustainable purchases for cost reasons

need to see clearer price communication to combat this misperception.

By understanding consumers' core needs, and by removing real or perceived barriers through innovation and communication, companies can significantly increase sustainable outcomes.

Locally, strategies can include exploring and emphasising local and more seasonal products and providing support to the communities most affected by climate change. Emphasising local goods, in fact, will be among the most important ways of providing support to these communities, fuelling a virtuous sustainability cycle.

African consumers will welcome the opportunity to make sustainable choices. The most successful companies will find new and creative ways to make those choices available. **SR**

