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## The art of selling food and store design



re you thinking about building a new store, or revamping an old one? Calvyn Morris is an architect specialist in modern interior store design for the lower LSM. He answers questions that retailers most often ask.

He considers flooring, cafe and seating, service departments, refrigeration, store flow, the display of promo items, ceilings, decor, lighting, up-right or island fridges, and what to consider when displaying high-value items. With a new build, decisions are a lot easier as there are no undefined variables or surprises and no time constraints. Revamps need to be done while trading, so there is a need to board off sections of the store and doing the alterations in phases or at night.

Employees love to feel that they are trusted and valued members of your business. This month, Aki Kalliatakis helps us understand the positive benefits of empowering others in your organisation. Giving people the resources, the responsibility and the authority to get things done their way can unleash tremendous amounts of energy and enthusiasm.

The days of selling some cold meats and cheeses from a delicatessen in your supermarket are over! Hippo Zourides looks at catering to the needs of your clientèle by supplying the correct range

of home replacement meals. He looks to the US retail industry that has defined food service into four clear-cut categories that easily apply to the South African environment – from basic services that offer just essentials, like sliced meats, to those outlets with proper sit-down facilities.

Ferndale Food Lover's Market has plenty of parking and a catchment area of 27 000 households of FLMs target customers, so it was a no-brainer to go ahead with this 2 700m² trading project. It is a real 'Theatre of Food', with fresh produce piled high, and a well-positioned butchery at the far end to pull you through the store. A food island in the centre of the store provides food to eat on-thego, with signature variety, taste and showmanship. Dry grocery has been expanded and more in-house lines have been introduced. Food trucks capitalise on space outside the store with innovative ideas.

Bruno and Annél Raimondi began their cash & carry wholesale business in Robertson in the Western Cape, and they have walked an extraordinary journey to grow the business into the 5-store powerhouse that it is today. For their 30-year anniversary this year, they recently underwent a revamp, relaunching with improved merchandising, layouts and ranging, as well as new exterior and interior signage.

Contrary to popular opinion, plant-based alternatives will not be the demise of traditional

meat – thanks in part to the rising concept of 'flexitarian'. Not familiar with the term? It's the latest dietary trend in the food arena. Research by Nielsen shows that U.S. consumers generally agree that having the right dietary balance of both animal and plant foods is important. Plant-based meat alternatives are not a passing fad, but to achieve scale takes time. Meat is formidable and resilient – due in part to its relative affordability.

Dr Raj Raina of the GIBS international faculty outlines his thinking that S.W.O.T. analysis when planning a new project or business has become outdated. He has developed a new framework, which he now uses extensively when teaching MBA students and when consulting with companies.

Xolani Nyali, a partner at Bowmans, looks at the Competition Commission's concerns regarding the anti-competitive practice of national supermarkets and property developers entering into long-term exclusive lease agreements for shopping centre space.

The Franchise Association of South Africa was invited to a conversation with the Minister of Trade & Industry and his team. They are encouraged at the positive and committed attitude and the concrete steps taken by government to partner with the private sector in an effort to stimulate economic growth and job creation.

Steve Mariter.

**Stephen Maister** 









Available in leading retailers.

## Embrace empowerment beyond buzzwords

Resources, responsibility & authority Aki Kalliatakis



**Delight your customers** aki@leadershiplaunchpad.co.za www.leadershiplaunchpad.co.za

In this series of Supermarket & Retailer's articles, we share stories of what some organisations and managers have done to motivate and inspire their teams. We give you practical ideas of what you can do to create the most amazing, customer-driven company in the world.

he biggest fringe benefit that you get when you become a manager is not the extra money, or a nice private office. It's the fact that you are given power over other people. And yet, paradoxically, like love, the more power you give away, the more power seems to come back to you. In this month's column I'd like to focus on some of the key ideas of empowerment.

'Empowerment' is a word that is thrown around - and misunderstood - too often in today's world, but empowerment is really about giving people

on your team the resources, the responsibility and the authority to get things done their way, and it can unleash tremendous amounts of energy and enthusiasm. There's nothing that pumps up an employee's energy more quickly or completely than when he or she is supported for showing personal initiative, or for going out on a limb to provide better service to a customer.

Employees love to feel that they are trusted and valued members of your business: after all, for the past 50 000 years as human beings we have known that to thrive we must become part of a 'tribe'. In fact, the powerful chemical endorphin is released into your body when this occurs, giving you a sense of belongingness that is very powerful. It also reduces the negative effects of stress, anxiety and uncertainty.

Simon Sinek has noted that, "...Intimidation, humiliation, isolation, feeling dumb, feeling useless and rejection are all stresses we try to avoid inside the organisation. But the danger inside is controllable and it should be the goal of leadership



to set a culture free of danger from each other. And the way to do that is by giving people a sense of belonging. By offering them a strong culture based on a clear set of human values and beliefs. By giving them the power to make decisions. By offering trust and empathy."

If you listed all of the reasons why people just don't do what they are supposed to do at work, you'd probably get to at least thirty and still not cover everything. Some big themes will emerge. (For example, a lot of what people say and do is as a result of the consequences – what happens









after they said or did something – or even the anticipation of these.)

However, there will also be a whole group of reasons that relate to empowerment, respect and trust in your business, and this is the theme of this month's article. When people are given independence and autonomy, not only does it free you up to focus on other important issues, but your employees are in all likelihood able to make better decisions because they work in the job all day long. When they feel trusted and respected, they will also be a lot happier in their jobs.

But it gets even better. Author John Maxwell writes that the ultimate pinnacle of leadership is not only the ability to inspire and motivate others

to do what you need them to do, or to be the best they can be, but to be able to develop them as leaders in their own right — to replicate yourself, so to speak. Thus, as you empower others you are also helping them to grow. Ultimately, the great leader develops people that can achieve or even surpassed his or her own abilities. In other words, helping people to be leaders in their own right. A good leader finds other leaders; builds them up; gives them the resources, authority, and responsibility; and then lets them go off to achieve. The opposite situation is when a leader undermines his team members and creates barriers that people in his team cannot overcome. That is just stupid.

At the most basic level, empowerment can only

be achieved by a leader who feels secure. When your people are empowered and enabled to make decisions that affect your customers without having to ask for permission every time, it leads to better experiences for both customers and employees.

But you cannot simply wave your hand over your team and vaguely say, "From now on you are empowered." There are too many examples of how challenging work can be, so you don't want them to feel 'thrown in at the deep end' without adequate support. As a manager, this may possibly be the most difficult thing for you to do initially, but you simply cannot take responsibility, and be in control of, every single one of the hundreds of



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- In the same breath, you have to also do something that doesn't come naturally: encourage risks that are reasonably well thought through.
- Talk them through complex work that you currently do, and explain why you do things in that way. Then sit next to them while they do the same and ask them to tell you what they need to do next.
- Get them involved in specific improvement projects where they learn from each other.
- And above all, use your empathy and leadership to create a feeling of safety so that they aren't afraid to try something new.

moments of truth that occur every day. If, however, you can create that sense of ownership and personal responsibility, nothing will be able to stop you. Hand over gradually and coach them through the challenges.

Some ideas include...

- Get people involved in all the work processes and show them the big picture.
- Ask them why they made certain decisions, and then ask them what they would have done differently if they had another chance.
- Gather their ideas and suggestions for better ways of doing things. Show them that you value their ideas. Thank them for the ideas and never steal credit for their ideas. (It also means that all new ideas are rewarded even if they are not so good.)

As far as you are concerned don't be worried that you will 'lose' something when you empower people: those endorphins I mentioned before also help you. The reality is that seeing people around you flourish releases endorphins that make it all worthwhile. You know the wonderful feeling that you get when you help someone else that is in a tight spot.

To summarise it all: People want to be great. If they aren't, it's because managers don't allow them to be. It is definitely true that no employee has ever been inspired by the thought of making shareholders richer. Empowering people also empowers you as their leader. You get to achieve much more, and you also become a better leader in the process. The quality of their performance increases, and your customers have far better experiences.

As Goethe put it many years ago...

Treat people as though they were what they ought to be and you help them become what they are capable of being.

#### **TEACHING MOMENT**

Given the positive benefits of empowering others in your organisation, why do some leaders resist this ability to empower others? It comes down to a combination of three things:

- A desire for job security, ("If I taught them everything I know they will take my job.")
- Resistance to change: the only person who likes change is a wet baby. The rest of us do whatever we can to maintain the status quo. But true leaders are those people who run head first into the unknown, and risk a little.
- Lack of self-worth: Again, true leaders put their own interests aside to protect us or to pull us into the future. They often sacrifice what is theirs to save what is ours ... And they would never sacrifice what is ours to save what is theirs. **SR**











# Answers to your most often asked Store Design questions



Calvyn Morris

of Absolut Designs is an Interior Architecture specialist in supermarket store design with lower LSM being his larger focus over the past six years calvynm@absolutsa.co.za

It's amazing. Retailers keep asking store designers the same questions. Calvyn Morris, who has specialised in designing modern supers for lower income shoppers, gives answers to his top 10 asked store design questions here.

#### **Q1** Flooring

### Polished concrete vs Poly-screed epoxy vs Full-body porcelain tiles?

This is a highly debatable question and all depends on the nature of the project. Is it a new build or a revamp? With a new build the decision is made a lot easier as there are no undefined variables or surprises and no time constraints. With a revamp you need to do it while trading, so you will more than likely be boarding off sections of the store and doing the floors in phases or at night. With a new store build all three processes have similar time frames, however cost becomes a factor and it will benefit you to compare costs and shop around on pricing. With an existing store, you don't know the condition of the concrete under the existing

flooring and may run into unforeseen issues when lifting that floor, like a very stubborn tile adhesive, or even another tile finish under the existing tiles. These can affect the project timelines and will then affect the project cost. In my opinion, with a new store, I like to consider polished concrete on the









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sales floor and BOH (Back of House) Storage, as it is very durable and lasts long. For prep areas, I like the epoxy floors for hygienic reasons. With existing stores, I like to use a full body porcelain tile on the sales floor and BOH storage to avoid time delays on unforeseen issues and epoxy floors in BOH prep areas.



## Q2 Cafe/Seating areas for customers Inside vs Outside, or none at all?

This question comes up a lot with lower LSM retailers and is generally tossed aside. The determining factors are always the same. If it is inside, it would take up valuable trading space that you pay for if you rent. It could also be a missed opportunity to widen your range, etc. You also need to think about managing the area for shrinkage and litter. If it is outside, loitering and litter is a major consideration. It will be an eyesore if not managed properly and, with it generally being at the entrance of the store, the risks can outweigh the benefits.



#### **Q3** Refrigeration

#### Remote or self-contained plug-in?

Whispers of some serious savings have been heard, not only on electricity, but on maintenance with plug-in units, as well as the installation cost. The negatives being heard are that they would not reach or hold temperature correctly and that, when they do break, you are in for a serious shock. However, with the new technologies coming out of Europe, it seems these issues are in the past. Here, I stand to be corrected. I have only had positive feedback from retailers on plug-ins. All is not lost on remote units, as new technology is also paving the way and there is some serious buzz about systems by a few service providers and refrigeration contractors that should be considered when making you choice on a new build. In my opinion this is very much the retailers choice and some serious considerations and research needs to be done before making it.

#### **Q4** Service departments

#### Their effect on store flow – What goes where?

Every store is different, no matter the LSM level, and I always say the retailer knows their store better than anyone on this subject but, as a store designer, it's my job to offer some guidance.



With a new build, some serious market research needs to be done and you need to turn to the stores in the area and do some walk throughs and gather information for comparisons. With existing stores, you will have all this information and you will know what works where. However, a lot of retailers when doing a revamp, look to capitalise on it by adding a department they don't already have and want to know where it belongs in their store. Their common fear is that they will outlay so much capital on the department and then find it does not work. Start by finding a department manager with lots of experience. They are worth the monthly overhead and listen to what they have to say.





My advice is to try to keep cold contamination to a minimum and to keep warm departments together (Deli and Bakery) and cold departments need to be carefully planned around this, with Butchery being a draw card to the far end of the store and with frozens forcing the whole store to be shopped.

#### **O5** Promo wall

#### Does it work and where to put it?

Promo items definitely have their place, but where? And how to display them? Do they go at the entrance, or on gondola ends, or at the tills. In my opinion, at the entrance a wall of promo items on conventional shelving works great, throw in a few 'Promo Bins' and you won't be sorry. However, there is nothing to be lost when displaying items at the tills, but I would leave the gondola ends in place to rent to brands for their promos or specials.





#### Q6 Ceilings or no ceilings?

In prep areas you are governed by the law. For hygiene, the law is to have a closed ceiling above any food prep area. However, on the sales floor you have options. When it comes to cost, it's relative and low cost to paint the slab and services dark to hide them from sight. These can include electrical/power tracking, fire sprinkler pipes and HVAC systems. Putting in a ceiling is relatively easy, however the choice is down to aesthetic personal preference. Nowadays, the industrial look is in.







## **Q7** Hybrid shelving Yes or No and Why?

This is dependent on the target market and store height. The greatest benefit to doing this is if you want to increase your sales floor, but can't increase your store footprint. You can then eat into your storage area and move items to the sales floor, storing them above the standard shelving to replenish stock as you go along, thus increasing your shelving and range.

#### **Q8** Store colours?

I prefer to paint neutral earthy colours for twothirds of the store. In places where you would like to draw attention, or show emphasis on a particular product or department, you can then use brighter colours, tiling technique or wall papers with specialised lighting.

#### **Q9** Beauty/HABA

In the aisle vs behind the kiosk

#### vs own department with tills within the store

This is highly dependent on your market and the rate of store shrinkage. Having its own department with separate tills creates serious administration and management issues, not to mention the inconvenience to customers. It lends itself to a steep drop in sales and, when compared to the shrinkage rate, you would rather manage the shrinkage. In a store with very little shrinkage, it's safe to say it can be placed in the aisle with a cool light on white shelves, with the option of a bulkhead above, to create the feel of hygiene and cleanliness — all in what seems to be its own department, with no inconvenience to the shopper. However in high shrinkage stores, we can create the same feel, but will have to keep high value items behind the kiosk to manage shrinkage.

#### **O10** Frozen

#### In up-right fridges or island fridges?

Not all retailers have a choice. Space and other things can be a factor. If you have the choice, a good mix of both can work. With regard to the up-rights, you buy quality, as the doors have a tendency to fail with high traffic. In my opinion, the up-rights can be used to better display boxed items and islands are for 'Pack-a-Lots' and bulkier items. **SR** 









just across from the Kranskop Taxi Rank



Loose produce is displayed in a modular produce boat, with bulk produce on wall display units



Walking in on promo goods, as well as eggs and bread, beautifully displayed and flowing into Produce



Bulk grains on pallets for that farmers' market feel. SR







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## Food service – are you in the game?

Are you truly invested in the rising trend of sourcing ready-to-eat or ready-to-heat food away from home?

By Hippo Zourides

The days of selling some cold meats and cheeses from a delicatessen in your supermarket are over!

If your store is not catering to the needs of your clientele by supplying the correct range of home replacement meals, you should be re-looking at your food service delivery mechanism.

The US retail industry has defined food service into four clear-cut categories that easily apply to the South African environment. The categories are:

**Essential services** – outlets that offer basic sliced meats, some hot meals and chilled ready-to-eat meals.

**Standard bearer service**s – are defined as those who sell ready-to-eat and ready-to-heat foods from a serviced counter or self-service display or as ready-to-go options.

**Destination services** – are the outlets with caféstyle seating, well-trained staff and a dynamic prepared foods programme.

**Food service specialists** – are those outlets that are restaurant-like with proper sit-down facilities, limited table service, gourmet menu items, a warm atmosphere and a kitchen manned by skilled



culinary professionals. In the US, they have coined a new word for these outlets, 'grocerants'.

So, where are you positioned in this range of food services?

#### The market

When did you last analyse your target market for food services? It may well vary from the overall aim of the supermarket. Are you located in a suburban area? Do you cater for the lunch and dinner trade only? Are there any offices or factories nearby?

Do you cater for millennials or maybe for single senior citizens? You may be catering for a whole lot of these target markets combined.

Use all the input from your store team to decide on what makes your market. Do not just go with your own gut feeling. Speak to your service department staff about items requested by customers; speak to a variety of shoppers and not only concentrate on the female gender. Pop into the local school or business centre or factory and ask the people

what they are looking for. Visit your competitors and see how they cater. Visit local take-aways and restaurants and profile their offering to decide what you should be serving.

Are you on social media to outline your food service offering? Statistics from the US indicate that 50% of mobile users and 34% of computer users are likely to visit a store offering food services after searching for aspects such as location, trading hours, offers, meals, etc. ... Up to 19% of those surveyed said they undertook an unplanned visit











to a store with foodservice and bought on impulse. Millennials are looking for great taste, menu diversification and convenience, when choosing your outlet over others.

#### The offering

Have you involved your catering/cooking team in the correct selection of equipment? Are they able to do their job without hinderance? That expensive veg slicer may cost a lot, but is an essential tool for your chef or head cook!

What is the quality of your staff in food service delivery? Did you merely take someone off the street who claimed to have some cooking experience, or did you subject that person to a proper test to assess his/her cooking capabilities? Did you check past references? Are key people able to be good staff trainers, or are they just a brilliant one-man/woman show incapable of sharing their knowledge or upgrading their skills of their teams?

Do you need outside help from a professional chef for a short-term period to define a decent menu for your requirements?

Food costing is an important exercise at the start of the process and continuous monitoring of the ingredient costs is required. Restaurants are able to mark up to 100% on the cost of ingredients, but supermarkets may be forced to be more competitive. However, remember the adage

The customer will remember the quality of your food long after having forgotten about the price



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If your location can sustain it, there is no reason why you should not aim higher with your margins to cover for mark-downs and wastage.

When designing your menu, consider the obvious meals of the day: breakfast, lunch and dinner. But spend some time considering snacking options. Many people eat four to five times per day to follow specific eating plans and you could be catering for those needs.

When did you last taste the food that is produced in your offering? Are you able to serve to your guests at home as if it was prepared in your home kitchen? This is a vital aspect of your success. Be proud of what your store supplies and boast about it to all and sundry.

Beware of stagnation. Many food service offerings rely on the same old favourites and food innovation is truly lacking in the South African context.

Be extravagant and try different offerings, such as cuisine from China, Mexico, Thailand, Greece, India, etc. ... At least try it for a period and see if it works for your environment.

Adopt an LTO policy – limited time offers are a great promotional tool to push volumes of a given recipe to widen the appeal to people who would normally not buy that item. Tasters are a must! Do not skimp on this and do not worry about people wanting a free meal. The samples must be small, but enough to give the customer a good taste of the offering.

Seventy percent of US shoppers feel good about shopping in a store that has a great food service offering. The same should apply to our country.

What about deliveries? Do you use your own scooter service, or an outsourced one (UberEATS, Mr. D are good options)? One point to remember: the outsourced delivery companies demand quite a chunk of your margin for their services, so do not hesitate to price a delivered product at a premium price as compared to the price in-store. Those using this service are aware of the differential.

Food service plays a vital part in the mix of a modern supermarket. Ensure that you are catering for your clientele according to their current needs and you are bound to be successful. **SR** 



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## New tech and new food options with FLM Ferndale

customers into the store with bulk fresh produce, and the new Ferndale branch doesn't disappoint. As you walk into the store, you will notice the fresh produce piled high with a well-positioned butchery to pull you through the store at the far end. Added to this, a food island in the centre of the store provides food to eat on-the-go, with signature variety, taste and showmanship.



Food truck concept brings innovation and fresh ideas every six months





The new Pap-Arazzi concept with seating area in front so office staff can congregate during the week and families can relax after shopping on weekends



Seattle caters for the shoppers caffeine needs





#### STOREWATCH - FLM

With the redevelopment of the centre, plenty of parking and a catchment area of 27 000 households of FLMs target customers, it was a no-brainer to go ahead with this 2 700m<sup>2</sup> trading project.

One of the new developments is the beautiful epoxy floor. Taking a step away from their traditional warehouse look, the hardwearing aggregate pops out and lightens the look and feel of the store.

Dry grocery has been expanded to cater for a better one-stop shopping experience. More in-house lines have been introduced at very competitive prices in-between the usual KVIs.

The linear checkout layout is something new to FLM and is the first linear checkout departing from snake queues. This design will reduce the back-up snake queues which, particularly at month end, disrupted operations, creating congestion and conflict with other shoppers. The shorter length queues with multiple stacks creates flow, convenience and more trading space.



The fishmonger was expanded to include Bub's fish and chips, one of the great value food service offerings



Speciality items such as frozen berries and frozen seafood can be found in the frozen food islands. These are cross merchandised with all you need to make a delicious meal







#### The Theatre of Food

#### The in-store food island

Limited bake-off – while the bulk of the baking is done back-of-house, speciality items are baked throughout the day for continuous freshness, interest and a great homely smell in-store.

The Sizzling Grill provides freshly grilled meat at very competitive pricing. There is an in-store sit-down sushi bar where you can order sushi from the menu, as well as ready-made take-aways. A salad bar and freshly pressed fruit juice in-store will keep customers healthy and coming back for more.

Just before checkout customers will find bitesto-go in an island refrigeration unit selling quick prepacked meals for convenience.

### Capitalising on space outside the store with innovative ideas

And that's not all. Outside the store, customers will find 'food to go' in the form of three container style food trucks that will change every six months offering variety and interest as well as an opportunity for local food industry suppliers to showcase their offerings without huge set-up fees.

An additional fourth new concept food truck has been introduced by Food Lovers called Pap-Arazzi offering delicious pressed pap and an assortment of sauces with protein options. The pap is cooked as needed and is always fresh. Holding together the food truck offering outside is Seattle Coffee Co.



The sizzling grill on the food island has excellent value and excellent prices, not to mention the entertainment of watching your food being cooked in front of you



Speciality bakery items baked off during the day on the food island, centre store





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#### Are they taking on fast-food?

Although FML are not taking on the fast food industry, they will be positioning themselves as the go-to for a one-stop takeaway. The idea is that groups of customers can visit the store, while each person will be able to choose their desired food at an unbeatable price. Seating is provided outside where people can congregate and eat together providing a good break for office workers during the week and families over the weekend.



#### Going greener, saving money

The store has LED lighting and other energy saving features, but the crowning glory of the store is the first CO<sup>2</sup> trans- and sub-critical refrigeration plant that FLM has installed in their stores. This technology is not only estimated to save a minimum of 30% electricity in comparison to similar capacity Freon plants, but also saves up to three-quarters of plant room space. When keeping to a 30/70 split, which is ideal for FLM, between BOH and trading floor, this saving of space is money in the bank.



Clear signage guides you through the store and pitches health to shoppers



They have health food displays next to the self-service nuts and sweets



The fruit and veg is displayed high to give a market feel and be more appealing to the eye of the customer. Notice the LED lighting













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Another benefit is that you can easily have a conversation in the plant room. All refrigeration is monitored remotely and regulates 60 points in cold-room and cabinets throughout the store.

#### Customers buying habits are changing

Food Lovers have come to market in a different way to the other supermarkets with the emphasis



Grocery offering has been increased to 3 000 SKUs to give more choice to shoppers

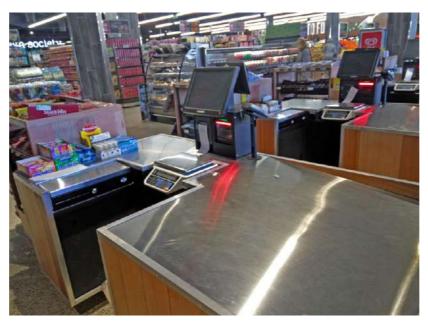


Linear till layout, a first for FLM, saves space and helps with congestion during month end shopping

on fresh produce and fresh meat and now with an added hot foods offering. The consumer market is changing dramatically, rapidly. How people eat, when they eat, where they eat – with less cooking and a greater concern with what is in the food, Food Lovers is developing this market in a distinctive way. They are on the money in their approaches and ideas.



Bites-to-go near the checkout in a multi-deck island fridge



Linear till set-up – view from front of store





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The cork finish of the butchery lends itself to an authentic butchery feel as well as bringing a brightness to the store



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# From start-up café to 5-store powerhouse

Raimondi's Powertrade

celebrates 30 years

in the community

Raimondi began their cash & carry wholesale business in Robertson in the Western Cape, and during this time they have walked an extraordinary journey to grow the business into the 5-store powerhouse that it is today. For their 30-year anniversary this year, they recently underwent a revamp, relaunching with improved merchandising, layouts and ranging, as well as new exterior and interior signage that shows their affiliation to voluntary trading group Unitrade Management Services (UMS) and the Price Rite, Powertrade and Best Buy brands.



Left: Bruno and Annél Raimondi of Raimondi's Trading Group, with UMS Southern Division General Manager Fermino Gomes

Centre: Raimondi's Best Buy in Villiersdorp had a face-lift with new exterior signage, as did the other four stores in the Group

Below: Raimondi's Powertrade Malmesbury interior









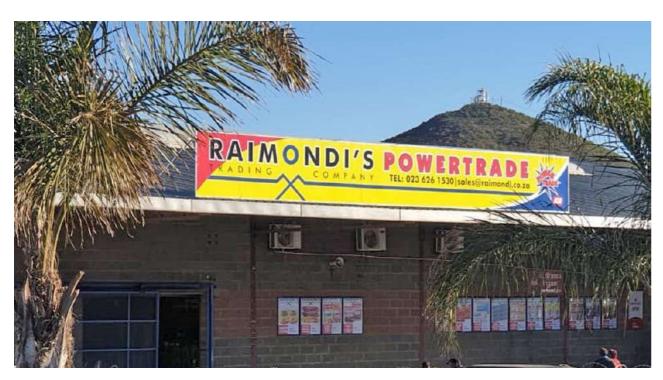
Mercia and Mavis of Raimondi's Price Rite in Worcester ensured that their customers had a hotdog to enjoy when they came in looking for launch specials



Raimondi's Powertrade Piketberg Crazy Price Corner



Raimondi's Powertrade Robertson display



Raimondi's Powertrade in Robertson is a landmark in the area, serving as a distribution hub for its commercial clients. The retail side of the business has also grown in recent years

### What did Bruno and Annél Raimondi do to increase sales?



The store launches were complemented by a multi-faceted and extensive media campaign with extended frequency and reach

#### Fermino Gomes, UMS Southern Division Executive General Manager

These included above the line (TV and community radio with live reads and outside broadcasts on activity days), as well as below the line components. 91 000 printed pamphlets (6-pager A3) were distributed to all five towns, surrounding areas and in-store. Digital media included Facebook and WhatsApp.

### What department has the highest turnover and what makes it profitable?

The business overall is still very reliant on commodity trading and frozen chicken sales. Its success lies in high volumes at low margins.



#### STOREWATCH - POWERTRADE



Right: Raimondi's Powertrade and Best Buy stores relaunched to the community at the end of July 2019. Here the store manager of Raimondi's Powertrade Robertson, Callistus Makipa, shows the prize that was on offer for customers to win

Left: The store launch featured a number of consumer activities, such as trolley dashes and instore competitions. The trolley dash proved to be immensely popular! This is one of the winners at Raimondi's Price Rite in Worcester



#### A journey of growth

The business of Raimondi's started as a café in the wine farming community of Robertson in 1989, servicing farm workers and labourers. The business expanded into distributing chicken and fish to farmers and other farm shops in the area. A wider range of groceries was also brought in. By 1992, the business needed bigger premises, so they moved to what is still their current site in Robertson. Through a series of buy-ins, partnerships and buy-outs, Raimondi's expanded into the Raimondi's Trading Group, adding to the Robertson operation with a Price Rite in Worcester, a two Powertrade outlets in Malmesbury and Piketberg and a Best Buy store in Villiersdorp.

#### Streamlining for service and price

In addition to the physical aspects of the stores being improved, Bruno Raimondi says they are also streamlining operational aspects of the business, to ensure they maintain their service levels and competitive pricing.









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#### Area of Use

- Operation
- Self-service
- Weigh price labeling / pre-packaging
- Multimedia application (advertising contents / cross selling)
- Cash register

#### **Highlights**

- High-end PC scale with a powerful Intel® Quad Core processor: More performance for optimized graphics while consuming minimum energy
- Large RAM: Ideally suitable for new features and requirements



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Raimondi's Powertrade Piketberg interior

There is a wide variety of customers visiting the stores, and Bruno says it remains their mission to serve each and every person at the highest standard. "We understand our customers, from the farming communities that surround us, the general public and small traders, to farms and farm shops, stokvels, guest houses and bigger retailers. Each group has specific requirements and through our five stores we are very able to assist," he says.

#### Route to market for suppliers

In a highly competitive market, the Raimondi's group has the infrastructure to build supplier brands and sales. They penetrate the Western Cape market through extensive delivery networks that cover an approximate 200km radius, reaching many outlying areas. Commercial customers are serviced by four sales reps and a sales manager and can also place their orders telephonically. UMS provides a call centre infrastructure as part of the partnership, which means a bigger sales team

to provide business growth. The five stores offer exceptional commercial business coverage as well as an opportunity to grow retail (consumer) sales.

#### Raimondi's Price Rite Worcester

The large town of Worcester is part of the greater Breede Valley, which has a population of around 180 000. Raimondi's Powertrade Worcester is located in the industrial part of town and its growth prospects are very good. There are no competitors nearby, making it ideally positioned to serve both its retail and commercial customers through a growing retail offer and a fleet of vehicles that deliver to many surrounding areas.

Worcester trading area: 1 200 m<sup>2</sup> Number of employees: 53

Number of checkouts: 10

LSM: 6-10



#### Raimondi's Powertrade Robertson

Robertson – known for being at the heart of the Cape wine route – is home to the original





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#### STOREWATCH - POWERTRADE

Raimondi's store, which has been in the area since 1989. The store is situated in Church Street and is a landmark in the area. Its wholesale racking and palletised stacking show its origins, but the retail side of the business has grown in recent years, attested to by the many single and smaller pack sizes on shelf. Gondola ends feature supplier displays and the store also acts as a distribution hub for its commercial clients.

> Robertson trading area: 2 250 m<sup>2</sup> Number of employees: 85

Number of checkouts: 12





#### Raimondi's Powertrade Malmesbury

Malmesbury has around 36 000 inhabitants and is the largest in the Swartland, about 65 km north of Cape Town. This flagship store has a massive wholesale footprint and a low-ish retail customer base, providing opportunities for growth. Because it is not situated in the mix of the many other retailers in town, it makes it easier for these stores to come and buy, treating as a buying hub. The store also distributes through truck deliveries into surrounding areas. The store has a user-friendly, well-planned layout.



The new look Raimondi's Powertrade in Malmesbury. The store serves a mix of retail and wholesale customers



Special offers, trolley dashes, lucky draws and win & spins created in-store excitement for the duration of the launch. Some happy customers are seen here at Raimondi's Powertrade in **Piketberg** 

Malmesbury trading area: 1 500 m<sup>2</sup> Number of employees: 15 Number of checkouts: 7

LSM: 6-10



#### Raimondi's Powertrade Piketberg

Situated in the charming rural town of Piketberg, about 80 km east of Saldanha Bay, this store is a retail/wholesale hybrid serving the general public, smaller traders, bigger retail outlets and commercial customers. As with the other three Powertrade stores, a large portion of the business is focused on distribution and deliveries to commercial clients.

> Piketberg trading area 800 m<sup>2</sup> Number of employees: 8

Number of checkouts: 6



#### Raimondi's Best Buy Villiersdorp

Villiersdorp in the Overberg has approximately 10 000 residents and is home base for the Best Buy store in the Raimondi's stable. The UMS Best Buy brand provides another trading format alternative for wholesale/retail hybrid independents.

Raimondi's in Villiersdorp trades under this name, serving the community and making door-to-door deliveries to outlying areas. The goal is to grow the retail side of this store, with longer trading hours and increased customer convenience. Situated in the main road of Villiersdorp, Raimondi's Best Buy is well positioned for end consumer business.

Villiersdorp trading area: 350 m<sup>2</sup> Number of employees: 12 Number of checkouts: 4



#### A local, community-focused business

As a truly local business, Raimondi's contributes to building a strong local economy, provides jobs for residents and invests money back into the community. Each store has strong brand equity in their community and in-depth understanding of store-based sales, the delivery business and servicing a diverse customer base. Bruno and Annél Raimondi understand the importance of being open to new opportunities and seeking out areas of growth. It's a solid foundation that will stand this business in good stead for years to come. SR

This article is by Linda Wilkins Wilkins Ross Communications







#### SUPERSPAR BIZERBA

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Food Safety South Africa has introduced a regulation requirement for labels aimed at, among others, ensuring that consumers are provided with nutritional, compositional and other information related to foodstuffs manufactured, imported and sold in South Africa.

The specific information includes; ingredients, date, allergens, batch code, country of origin and storage (e.g. previously frozen). Spar DC fresh food management gave all Spars an urgent mandate to comply within six months.

MCC SUPERSPAR is a family run business who pride themselves in offering excellent customer service and a wide selection of products and premium fresh produce. They looked for a company to assist them in complying with the regulations, to ensure that their loyal customers have peace of mind that what they buy is fresh and has all the detailed information listed on the label.

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#### **Customer benefit**

All legal traceability requirements set by the Food & Safety Regulators in South Africa have been addressed. Automatic data transmission to scales and dataflow monitoring is possible due to our software and Mr Sortiris is now unlimited as to the amount of information he puts onto our linerless labels. SR





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By Nielsen Research, US



Contrary to popular opinion, plant-based alternatives will not be the demise of traditional meat – thanks in part to the rising concept of 'flexitarian'. Not familiar with the term? It's the latest dietary trend in the food arena, except it's far less restrictive than options like keto, alkaline and tapeworm diets. That's because it's perfect for consumers who are willing to delve heavily into both traditional meat and plant-based alternatives – and they're ushering in a new area of protein consumption in the process.

#### Flexitarian: is it really new?

As well-intended as many recent diet fads may be, the protein landscape today and going forward will be defined more by the word 'and' than 'or'. In fact, only about 5% of U.S. households are vegan or vegetarian, leaving 95% as omnivores. Additionally, nearly 60% of U.S. consumers agree that having the right dietary balance of both animal and plant foods is important. What's more, nearly all (98%) meat alternative buyers also purchase meat, and

## The 'F' word: Flexitarian is not a curse to the meat industry

they do so more than the average meat buyer (\$486 vs. \$478 per year). Less than a third (27%) of meat alternative purchasers buy meat alternative products five or more times a year. So, if we define flexitarian as medium and heavy buyers of both meat and meat alternatives, they account for 37% of all meat alternative buyers and they spend \$643 on meat every year – a whopping \$165 more per year than the average meat buyer.

Plant-based meat alternatives are not a passing fad, but to achieve scale takes time. Only 21.6% of U.S. households are purchasing meat alternatives, but that's up 1.6% from last year. As social consciousness and activism continues to accelerate. social causes can drive action. According to recent Nielsen data, a whopping 62% of consumers are willing to reduce meat consumption due to environmental concerns, and 43% say they would replace meat-based protein with plant-based protein. Interestingly, while not yet commercially viable, 12% of consumers stated they would be willing to eat cell-cultured meat grown in a lab. With new innovations, health and wellness and social considerations, plant-based foods will continue to shine and grow.

But meat is formidable and resilient – due in part to its relative affordability. Chicken, pork and turkey

cost the least per gram, at 2 cents, well below the 10 cents for meat alternatives, 13 cents for nuts and 20 cents for nutrition bars.

But it's not just cost. Scale is the real kicker. Across the store, meat accounted for \$95 billion in sales over the last year, whereas meat alternatives are still shy of crossing the billion-dollar mark, coming in at \$893 million. Convenience is also a positive for meat, as the deli department remains a powerful and reliable growth engine, creating convenient and quick meal solutions for consumers. And while meat from the deli department represents only 17% of total meat sales, it represents 31% of U.S. dollar growth within meat overall. The combination of the reliability of sandwiches and lunch meat — and the convenience/all-in-one of a prepared main course, salad and appetizers — still has a strong allure.

Accounting for nearly \$190 billion in U.S. sales across the store, protein – regardless of what type – is top of mind for consumers. Having both a broad and detailed lens is table stakes for brands and retailers, as growth diverges across different consumer values and need states. And considering consumer disloyalty is the new normal, innovative and unique applications of proteins will win the battle for consumer wallet space. **SR** 





## Old management tool ready for a re-think?



ver the last 30 years many businesses and projects have relied on the outcome of this analysis, but modern management processes indicate that it is time for a change.

Ask any businessman if he has ever used a S.W.O.T. analysis when planning a new project or business and you will find that the response is pretty unanimous.

Traditionally, before embarking on a new venture, one would analyse the Strengths, Weaknesses, Opportunities and Threats to one's idea/business/project.

By focusing one's attention on these four headings, a businessman would crystallize in short phrases or even bullet points the various aspects that would make the new venture a success.

Well, time has come for a review. At least, this is the advice by Dr Raj Raina of the GIBS international faculty who outlined his thinking in a review in the magazine Acumen, a GIBS publication.

Dr Raina finds four major reasons why S.W.O.T. may have become irrelevant in today's business environment.

- Failure to define the basic terms. For those trying to define these terms it is a subjective exercise and the words are very interdependent. Companies tend to define the terms in ways that may be defensive of their business or market, leading to wrong assumptions.
- Failure to define a goal before defining the four headings. In strategic terms, unless a goal is defined first, the definition of the component parts will result in biased decisions that do not match the goal defined.
- There is an emotive attachment to the S.W.O.T. process where resources are allocated to traditional opportunities and strengths instead of identifying and building new innovative opportunities and strengths in a changing environment.
- The traditional way of analysing S.W.O.T. fails to allocate adequate resources to legacy versus new opportunities.

#### So, what is the alternative?

Dr Raina has developed a new framework, which he now uses extensively both when teaching MBA students and when consulting with companies.

#### His recommendations include:

- **1.** Identify the most critical **trends** in your business environment
- Leverage your insights into the trends to create opportunities to offer potential products and services
- **3.** Develop a compelling value proposition to **position** your products/services in the identified opportunities
- **4.** Identify critical **competences (i.e. real strengths)** that will enable you to sustain your position in the market place
- **5.** Set **goals** taking into consideration trends, opportunities, positioning and competences
- **6.** Align all of the above elements (trends, opportunities, positioning, competences and goals).

So, instead of talking S.W.O.T in future, we should be taking TOPAC –G. All of the items in the above framework form the key content of a new strategy and one should try to put them into a short 100-word document that will be understandable by all stakeholders.

Try it next time you are discussing your strategy moves and let us know the outcome. **SR** 







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Single unit purchase price: R5 500 excl. VAT. Recommended selling prices: R6 999 to R7 999.

#### 2Kva / 1330 watt unit

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Enclosure: C2 battery casing with wheels.

Typical uses / capacity: The 2kva with 2 batteries will run 2 pc's for 4-6 hours or a plasma TV, DSTV decoder, router, cell phone charger and 2 x 15 watt lamps for 4–8hours.

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## Big supermarket chains at a crossroads over exclusive leases

By Xolani Nyali, partner, Bowmans

The Competition Commission has stopped short of declaring it an anti-competitive practice for national supermarkets and property developers to enter into long-term exclusive lease agreements for shopping centre space. Instead, it is passing the problem back to the parties themselves. The big supermarket chains especially have some tough choices to make following the conclusion of the Commission's three-year market inquiry into the grocery retail sector.

It will be interesting to see what direction they take at this particular crossroads.

Will they take the high road that the Competition Commission has laid out, which is to voluntarily refrain from enforcing clauses that restrict landlords from leasing out space in the same shopping centre to potential competitors? Will they continue doing what their lease agreements allow them to do, and which – at this point anyway – is neither illegal nor anti-competitive? Or will they seek some middle ground and start phasing out exclusive lease arrangements, thus partly following the wishes of the Competition Commission?



## Exclusive leases are one of three concerns pinpointed

In its preliminary report issued at the end of May 2019, the Competition Commission pinpointed long-term exclusive lease agreements and the buying power of the big four supermarket chains as one of three "principal areas of concern that warrant remedial action." (The other two are

the regulatory landscape and the competitiveness of small and independent retailers.)

Long-term lease agreements with clauses that give a major grocery retailer exclusivity in a particular mall have long been a sore point among property owners and developers, not to mention small and independent supermarkets.

Least popular of all are those ultralong-term leases spanning 20, 30 or even 40 years.

In its preliminary report, the Competition Commission minces no words about the effect it believes exclusive lease agreements have had

on competition in the grocery retail sector. Such leases have 'substantially hindered' the emergence of challenger retail chains to the four national retailers, it says, and served to prevent economic participation by small independent retailers.

Despite this criticism, the Commission appears to be leaving it up to grocery retailers to decide on the next steps.





#### **LONG-TERM LEASES**

The way ahead will probably be more difficult to navigate in non-urban areas. Many urban landlords no longer grant exclusive tenancy as a matter of course, but exclusivity is more common in far-flung areas where tenants may be more difficult to attract.

Retailers and landlords alike will have to tread carefully as to what they believe they can and cannot justify when it comes to exclusive lease arrangements. The big retailers may also have to rethink their business models if they are no longer assured an absence of competitors in the shopping centres they occupy.

#### Dealing with displacement of small retailers

Meanwhile, another important issue for the major supermarket chains to chew on is whether they should be doing more to assist small grocery retailers displaced or potentially displaced in areas where the big players open their doors.

The Competition Commission, which conducted its own small business survey to assess the impact on small retailers, notes a decline in the number of these businesses in non-urban areas.

While emphasising that it cannot conclusively attribute this decline to the entry of national supermarket chains, the Commission's preliminary report does make the stark comment that their entry has shifted the competitive landscape in non-urban areas. "...there is an observed diversion of customer demand from small and independent businesses that previously served these customers. This appears to have displaced the small and



independent businesses in non-urban areas," the preliminary report says.

Granted, the report does refer in some detail to the positive effects large retailers are having in non-urban areas, these include some new formal employment opportunities, but the biggest benefits are consumer welfare gains through lower prices, convenience, choice and lower transport costs.

The question large grocery retailers probably need to ponder at this point is whether these benefits outweigh the social and economic cost of displacing small, local businesses. Will the jobs that the big players add compensate for the loss of jobs when small grocery retailers close down?

For some small retailers, closing down their store may mean poverty for them and the families they support.

Big, established retailers are coming under increasingly close scrutiny. They would be well advised to consider hard and carefully – but not for too long – how to deal with the thorny questions of exclusive leases and the displacement of smaller players outside the main urban centres. Both issues could well be considered low-hanging fruit for anyone pushing for local government regulatory changes in the grocery retail sector in line with the expanded public interest provisions of the recently amended Competition Act. **SR** 





## Government offer to work with business to stimulate the economy

Franchise Association of South Africa (FASA) Giuli Osso, email: giuli@gocomms.co.za

The Franchise Association of South Africa, through its membership of BUSA was invited to a conversation with the Minister of Trade & Industry and his team on Monday 22nd July and is encouraged at the positive and committed attitude and the concrete steps taken by government to partner with the private sector.

"After years of knocking at government's door to acknowledge that the franchise sector has something to contribute to entrepreneurship and small business development," says Vera Valasis, FASA's Executive Director, "Minister Patel's invitation to work closely with his team to open doors to new business development is a 'breath of fresh air' and is welcomed by FASA's board."

Whilst the economy, as Minister Patel intimated, is 'treading water' with economic growth levels very low and well below the needed levels of traction, the franchising sector, whilst faring better than many other sectors and contributing 15,7% to the country's GDP, is at risk of becoming another casualty if drastic action to stimulate the economy is not forthcoming.



Plagued by rising energy costs, a lack-lustre investment climate with onerous legislative barriers to doing business and rampant lawlessness, Minister Patel re-iterated that these barriers to growth are high on the President's agenda through a combined

ministerial approach. "Solving these fundamental problems in our country is of paramount importance to business and if not addressed urgently could scupper any effort at stimulating economic growth and job creation."





Key to that is the combined ministerial role government must play if it wants to partner with business – from making economic empowerment more effective and easier for business to use so that the transaction cost is as low as possible and the impact is as high as possible; to improving the capabilities of the state – whether it be the easier registration of companies to ensuring that the Consumer Protection and Competition Amendment Acts include provisions dealing with the promotion of small and medium enterprise businesses.

President Cyril Ramaphosa seems intent on rallying his relevant ministers in his quest to get economic growth going again and has acknowledged that enabling opportunities for entrepreneurship through and in partnership with the private sector is the key to unlocking business potential. FASA welcomes government's new combined administrative approach where ministers from different ministries are brought together to solve problems. This is particularly relevant to the franchise model as it can be developed across the broad spectrum of business sectors.

"If, as Minister Patel says, government has a series of master plans to unlock entrepreneurial energy, wants to be a partner and can play a facilitative role, then the franchise sector is ready and able to play its part in adapting the universal success formula of franchising to a variety of business applications," says Vera Valasis.

The franchise business format has stood South Africa in good stead – developing over 850 franchise systems across seventeen business sectors,



with over 45 000 franchise outlets giving skills training and employment to half a million people. Compared to both first and third world countries, the South African franchise potential has barely scratched the surface. Opportunities to develop franchise systems in social partnership models are an area that FASA has lobbied for some time as a solution to government's lack of service delivery.

The franchise sector, represented by the Franchise Association of South Africa, stands ready to work with government and its various trade, industry

and business ministries to put a master plan in place to unlock the entrepreneurial energy and take South Africa to the next level. "If the franchise sector was able to develop, from its early days in the 1960's and through difficult socio-economic and political times, an industry that stands proudly as one of the most successful business sectors in South Africa, with government's backing and a commitment to a new way of doing things, the future for entrepreneurship, franchising and small business looks bright." **SR** 





#### National 2019

#### Sign Africa & FESPA Africa

#### 11 September | Johannesburg

The expo will focus on the innovative and costeffective solutions and business opportunities for sign makers and digital printers, as well as providing visitors with the latest developments and trends in the global industry.

#### **SHOP! Best of Global Merchandising**

#### 17 September | Sandton

Stimulating SA shopper marketers with the latest and smartest innovations and best practices. Six trends shaping the future of retail, Shop! ROI standards – instore marketing materials, Global OMA Showcase, presented by Leo van de Polder, Global Development Director, Shop!

#### **Social Media Landscape Briefing**

#### 25 September | Sandton 26 September | Cape Town

Arthur Goldstuck presents the annual Social Media Landscape Research Report findings about the key platforms and adds great value to his insights; an influential social media briefing.

#### **SACSC Annual Congress**

#### 16-18 October | Cape Town

The retail exhibition provides an excellent opportunity to showcase your company or services on offer, as well as networking with this captive audience over the three-day event.

In addition to the exposure and meeting platform, exhibitors also receive the following benefits:

- Exhibitors pass to attend Congress presentations
- A copy of the SACSC Congress delegate listing
- Marketing exposure throughout the SACSC Congress period.

#### **RMB WineX**

#### 31 October | Sandton

A premier SA wine show, launched in 2000, is attended annually by 10 000 Jozi wine lovers representative of the country's largest and most discerning wine market. The profile of around 150 exhibitors comprises big brand names, boutique wineries, wine routes, imported glassware, wine accessories and wine storage systems, also deli or fine foods suitable for wine pairing or associated with the wine industry.

#### Franchise Indaba

#### 01 November | Sandton

This offers a variety of workshops and seminars for people who are interested in the franchising industry and would like to buy a franchise business. It brings in Industry 4.0 who will demonstrate how the world is changing and what you as a franchisor, franchisee or someone wanting to be on the leading edge of business needs to know, do and implement in the new world going forward.



#### MamaMagic

#### 01 November | Cape Town

The platform has consistently provided families from all over Africa a comfortable environment to learn, explore and grow for over a decade. It provides an exclusive shopping experience, internationally recognised brands, expert advice and interactive talks.

#### **Shopper Insights SA**

#### 07 November | Sandton

Personally selected marketers demonstrate astute interpretations of insight and opportunities from current research. A showcase of SA's impressive marketing strategists in terms of influencing next year's marketing. **SR** 

#### **International 2019**

#### Lunch!

#### 19 September | London

Bringing the food-to-go industry together under one roof, if you are a café, sandwich bar, food-to-go chain, coffee shop, contract caterer, wholesaler or deli then lunch! is your most important date of the year.

#### Kenya Food Expo

#### 20 September | Nairobi

International food & hospitality companies showcase their products to the developing market of Kenya and other East & Central African countries.

#### Anuga – Taste the Future

#### 05 October | Cologne

Very good registration figures have been recorded for the coming Anuga in Cologne from 5 to 9 October 2019. More than half of the exhibiting space of 284 000 sq metres is already booked. In total, around 7 400 exhibitors from around 100 countries are expected to participate. Anuga, the world's biggest and most important business platform for the international food industry by far, will thus also be the benchmark for all food trade fairs worldwide again in 2019, in terms of both quality and quantity. In 2019 the event is celebrating its 100th anniversary.

In addition to numerous large market leaders, the majority of the international group organisers have also confirmed their participation at the trade fair, indeed at all 10 trade shows.

#### "10 trade fairs under one roof"

Once again in 2019, the successful concept of Anuga will ensure a good overview and a well-arranged layout divided up into themed areas.

Simply contact their service team: by e-mail hotel-services@koelnmesse.de or by telephone on +49 221 821-3072



## Shoprite takes its Money Market options onto a new level

Astand-alone store called k'nect has been launched in various parts of the country and customers are invited to use the outlet as the place of choice for money transfers (to over 100 countries), airtime purchases, cell phone deals and the payment of accounts. And not a tin of baked beans in sight!

The stores are designed to assist customers with express tills for quick transactions, such as account payments, purchase of pre-paid electricity and airtime, while conventional checkouts are allocated for procedures that may take a little longer, such as money transfers, movie/theatre ticketing, the choice of new cell phone/contract and purchase of funeral cover.

Following the successful launch of the first Shoprite k'nect at the Delft Mall in Cape Town in May 2019, the Group is opening another six stores between end July and mid-August 2019. The new k'nect stores will be located in Hatfield (Pretoria), Rosebank (Johannesburg), Riverside and Ilanga Malls (Nelspruit), Mmabatho and Watergate Mall (Mitchells Plain). Several more k'nect stores are scheduled to open by December 2019. **SR** 

