

SUPERMARKET & RETAILER



ISSUE 7, 2019 • www.supermarket.co.za

Business knowledge for smart retailers

Protecting the Supply Chain



Aki Kalliatakis
on leadership by
example

Doing business
in Mozambique

What does the
retail customer of
the future look like?

Contents

FEATURES



Supply chain

Protecting the supply chain by Jason O'Reilly. The theft of sensitive data, intellectual property or customer details is happening more and more often. Sophisticated cyber 'gangs' have the motivation, ability and techniques to carry out these attacks, which are happening more and more through a business' supply chain.

Supply chain

The ten supply chain commandments for retailers. Peter Auld reminds retailers and manufacturers of basic tenets of a successful supply chain strategy.

Advertisers (click on logo for more information)

COLUMNS



Delight your customers

Aki Kalliatakis talks about on two more important elements of leadership – empathy, and being a great example to your followers.

On the up and up

The seven secrets that set the Über-successful apart from ordinary people are revealed here by Neville J Melville LL.M.

STOREWATCH

Terramar's distribution centre in Maputo

Hippo Zourides talks about the possibilities of doing business nowadays in Mozambique. Terramar Mozambique Lda has been active in this market. This Storewatch outlines with pictures and words what their latest store in Maputo is all about.

NEWS

Cooling your store

The Smart Store Concept.

Opinion piece

What does the retail customer of the future look like? Richard Flack discusses this pivotal question.

Discount danger – Nielsen research

The danger signals in SA's discount deluge.

Township shopping

Shoprite spazas serve eKasi by Tshegofatso Mathe.

Space planning

Assortment reviews & planograms: Janet Kirkbride.

New data – Nielsen research

Small uptick in South African consumer confidence.

International retail news

Auchan leaves Italy – by Antonello Vilardi.

CALENDAR

A calendar of upcoming trade fairs and events.



www.supermarket.co.za

BIZERBA
PC scale - XC II 800 Pro



Stop attacks on your supply chain

The breach over the festive season at international retail giant Target, is a prime example of credentials being stolen via a vendor in the supply chain. And attacks of this nature are becoming commonplace. According to Agilance, approximately 80% of data breaches start in the supply chain, a staggering figure. Jayson O'Reilly, Sales and Innovation Director at DRS, says it is no easy task to conduct a risk assessment across a multitude of suppliers, but in his article "Protecting the supply chain," he shows us ways to protect the supply chain from attacks. Added to this, Peter Auld maps out the ten supply chain commandments – the basic tenets of a successful supply chain strategy.

In this issue's Delight your Customers, Aki Kalliatakis says we can take advice from the way great leadership in the armed forces can inspire their troops to trust them with their life. This is not the structured culture of blindly obeying instructions, but on two other important elements – empathy and being a great example to your followers. The people in your team learn from your behaviour to your customers and become loyal with the support you give your people.

Intense pressure on operating margins makes cost savings essential. Here the Smart Store Concept comes into play. This also involves increasing food safety and reducing food loss, while bringing

down the energy bill by integrated control of refrigeration, HVAC, lighting and other applications.

We have the first of what will be a regular column by author Neville J. Melville, who is well known for his corporate talks and training. In this issue, he delves into the secrets of extraordinarily successful people and shows what differentiates them from the rest of us – how they turn everything that is taught at business schools on its head.

After years of Mozambique following the ups and downs of the South African economy, it might be time for companies to look to expand their coverage of this country. Hippo Zourides in Storewatch looks at Terramar Mozambique Lda, one player that has been active in this market that has plans to expand its footprint. Read 'An awakening giant' to find out how, from small beginnings, Terramar is now Mozambique's largest wholesalers of food (dry, fresh and frozen) as well as a distributor of household general merchandise, such as paperware and cleaning materials.

What does the retail customer of the future look like? Richard Flack, MD of Sureswipe, looks at what South African retailers have to contend with – the seemingly contradictory messages and trends, as they prepare for a digitally driven world with e-commerce at the epicentre.

South Africa is a nation of promotion-obsessed shoppers, according to a new Nielsen report,

The Price of Promoting. It shows that 75% of the adult population say they know the prices of the grocery items they buy and notice changes in price. Look out for the danger signals in SA's discount deluge. Consumers are being 'trained' to buy only on promotion – and it can backfire on brands.

Shoprite's Usave eKasi stores, which it has begun rolling out in townships, are between 100m² and 200m². The eKasi stores are part of a decision by Shoprite to dramatically improve its presence in locations typically catered for by spaza stores. Tshegofatso Mathe looks at one such unmissable container spaza shop in Zonkizizwe township in Katlehong on the East Rand.

The purchase decisions of shoppers determine the revenue and profit streams of both brands and retailers – so one would expect that assortment and planograms and floor plans would, as a primary function, take special care to satisfy and delight shoppers ... to the advantage of the brands and retailers involved. Janet Kirkbride says that unfortunately these often are grudge undertakings which are given limited preparation time. However, they are of paramount importance as they give solutions to the needs of consumers, presented in an easy to navigate fashion, with ample stock on-shelf, some inspiration and create a positive shopping experience.

We hope you enjoy your read

Helen Maister

Helen Maister



Would you trust me with your life?

Empathy, and being a great example



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.

The last place you would expect to see truly great leadership is in the armed forces. The structured culture of blindly obeying instructions – even at the risk of losing your life – doesn't seem to be very motivating for troops, and certainly my experience in the military many decades ago was really negative.

And yet, when a leader is able to inspire troops, there are inevitably great outcomes. So far we've covered many of the contributors to motivation in this series on managing and motivating people:



engagement, explanation, expectation clarity, empowerment, and training. But in this month's column I'd like to focus on two more important elements, empathy, and being a great example to your followers.

In his book *Leaders Eat Last*, Simon Sinek describes how leaders in the US Marine Corps first allow their troops to finish eating, and then partake afterwards. In this symbolic act, there are many powerful messages, but by setting the example, they achieve a sense of "We are all in this together,

and sometimes this means that we have to sacrifice for each other."

This small sacrifice directly translates into an incredible bond in the team, where people will literally risk their lives for their team members.

“ Be the change you wish to see in the world ”

Mahatma Gandhi

This means that in your role you have to constantly be aware that people on your team look closely at you for clues about your behaviour – and the things that you say and do. They watch how you interact with others, what your attitude is, what you say about customers when they are not around, and one careless incongruent statement can destroy what you want to achieve. The moment you throw out a statement like, "Sometimes our customers drive me nuts!" you have just given them an excuse to do the same, but worse.



On the other hand, when they see you showing respect and humility, when they see you being courteous and grateful towards people, when they see you going out of your way to help a colleague or a customer, way beyond the extra mile, then they instinctively know what they need to do. That's what makes a pilot risk his life and his plane to offer air support to troops that have been ambushed – even though he may have never met them. That's what makes one member of a platoon pick up his struggling buddy's heavy back pack. That's what turns them into a legendary 'band of brothers'.

But to return to the example of leaders eating last, there is something even more powerful in that act of sacrifice. The message is clear that the leader knows how important that meal is to Marines. He shows empathy for his team: "I know what it's like for you." It not only creates a sense of connection, but also allows people to feel like part of the team, it helps them to feel safe and protected, and it dramatically enhances trust, cooperation and problem solving.

One of my favourite managers was the operation director in a huge pharmaceutical company. Peter was famous for the incredible support of all his people, and the lower your rank in the company, the more positive attention you received. (In fact, to be honest, he was quite harsh and demanding with the managers that directly reported to him when they were insensitive.)

Amongst other acts, he gave up his fancy German luxury company car, and used to drive a small Toyota. Why did he do that? Because after one serious round of wage negotiations, the shop stewards said that it was easy when you are a director, because you all get fancy cars that could be used to help increase wages. Again, in a symbolic act, he sacrificed his expensive car to make a point.

But one night while working late he noticed that one of the members of his team was also finishing off some urgent work, way past the normal working hours. Peter passed by to chat, and thanked him for his sacrifice. And then he casually asked how the employee would be getting home. "I'll probably take a taxi," came the reply, but it was already late, and it was quite a long journey.



PC scale – XC II 800 Pro

Weighing, labeling transactions, advertising content and cross selling campaigns via a brilliant customer display is what this scale XC II 800 Pro is capable of.

Combined with a cash register drawer this counter scale becomes an efficient checkout solution.

The 3-in-1 printer is unique in the market: With just one device you can print receipts, labels on linerless paper. A powerful and open PC platform ensures high performance: The large RAM has sufficient memory to let you implement new features or individual requirements

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

BIZERBA

Tel: 011 745 1940 Johannesburg
021 404 1800 Cape Town

e-mail: sales-za@bizerba.com | www.bizerba.co.za



Quote: BIZ0860
for our special offer



him to be safe, and by 8:00 a.m. the next morning almost 1 000 employees were talking about the story.

Sadly, there is a desperate lack of empathy and humanity in the way we do business today. How hard can it be to acknowledge other human beings and let them know that you know how hard it can be sometimes?

ACKNOWLEDGE OTHERS



When you act humanely and with compassion, when you are a good example and show empathy, the reward is that people see you as an inspiring leader, and will commit to helping you in any way possible.

One final story to illustrate: The manager of a huge call centre at a large SA insurance company happened to overhear a distressing conversation that one of the contract call centre reps was having with his son. She heard him saying, "I'm so sorry, Sibusiso, but we cannot afford a new (branded) soccer ball this month. Maybe next month..." As he put the phone down she could see how humiliated and disappointed he was to have to tell this to his boy.

By pure coincidence, she had a boy who belonged to the same soccer club, and their coach had asked them to get this particular ball. The next morning, she called her team member to the small meeting room and closed the door. "Uh, oh," he thought,

"I must be in some trouble."

She looked at him in the eye and said, "I'm sorry, but I couldn't help hearing your chat with your son yesterday." She then explained the coincidence, and, reaching under the table, she brought out a soccer ball. "No dad should ever need to say no to his son," she said, "but please accept this as my gift to you."

I met both of them years afterwards, and by then he had not only been made a permanent staff member, but had also been promoted into her job. He then said to me, with a twinkle in his eye, "You know, Aki, I've put up with a lot of crap in this company because of that silly soccer ball, but that's okay."

And being the example and showing empathy is not only good for your team. It is also important for your customers. The owner manager of a large retailer in Mbombela noticed a distressed mum worrying about her sick child. Without hesitation he spoke to her and insisted that he drive them to the hospital in his car. Another manager of a retailer in Harrismith noticed that one of his pensioner customers broke her walking stick in the store – so he went out and bought her a new one. That same Christmas, her big-city son spent more than R10 000 in a big shopping spree as a sign of his appreciation.

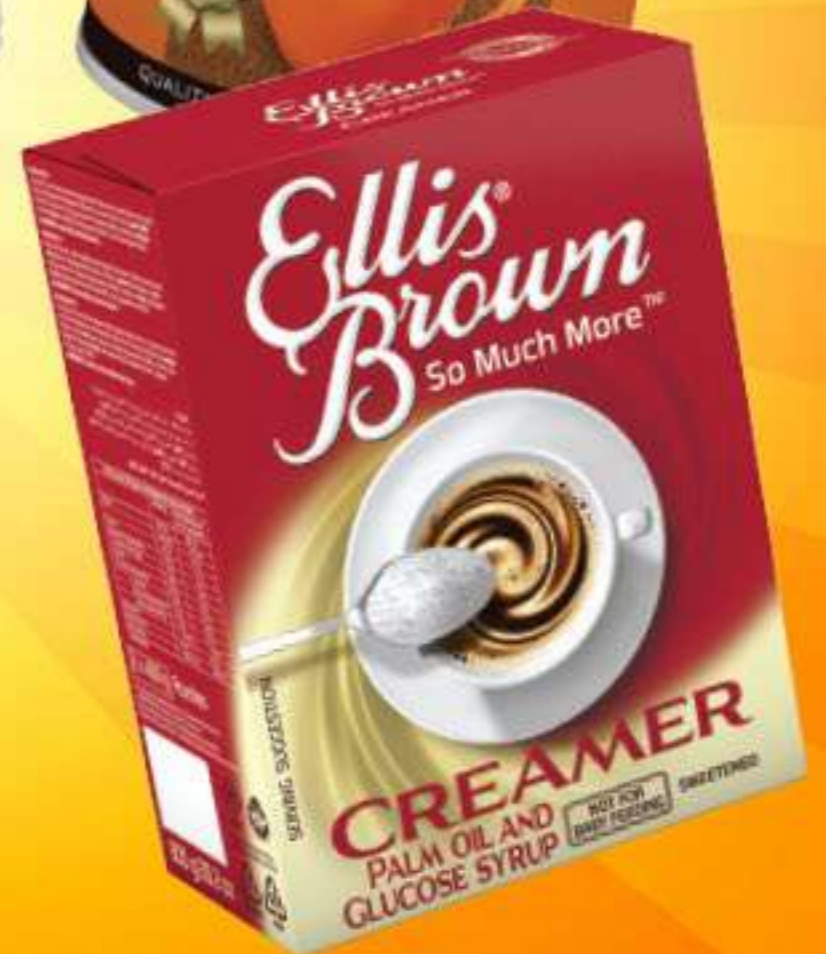
So, what would your team say about the example which you set? And how much empathy, warmth and compassion do you show towards others? These may be the most important things that you do. **SR**

So Peter responded, "I'll take you home."

The employee was horrified, and protested, saying it was too dangerous to drive into the townships at night, but Peter was determined to not allow this chance to pass. As they drove to the employee's home, they chatted about work and family, and when they finally arrived, Peter got out to meet the family.

Soon, even the neighbours joined to see what this unusual event was all about, and then, as he was leaving, Peter put his arm around Thabo, looked the wife and children in the eye, and said, "You can be very proud of your husband and father. I don't know what we would do without him."

He was literally escorted out of the township that night by a convoy of cars and people who wanted



**BETTER
TOGETHER**



Protecting the supply chain

Jayson O'Reilly

Sales and Innovation Director at DRS

The theft of sensitive data, intellectual property or customer details is happening more and more often. Sophisticated cyber 'gangs' are gaining traction, and they have not only the motivation, but the ability and techniques to carry out these attacks, which are happening more and more through a business' supply chain.

Cyber thieves are coming up with new ways to steal valuable data on a daily basis. An organisation's supply chain is often the weakest link in the security chain, as many businesses do not actively scrutinise the supply chain for evidence of a breach.

Staggering amount of data breaches

However, more companies are keeping a closer eye on their supply chain, the task is a daunting one, as many businesses, particularly the larger entities, can have hundreds of thousands of suppliers. It is impossible to keep an eye on all these suppliers, so often a business will track only their top few dozen or so. But this is proving inadequate.

The recent breach over the festive season at international retail giant Target, is a prime example of credentials being stolen via a vendor in the supply chain. And attacks of this nature are becoming commonplace.

According to Agilience, approximately 80% of data breaches start in the supply chain, a staggering figure.





As businesses invest in more and more of the latest security technologies to strengthen their defences against cyber attacks, criminals look for more and more ways to successfully breach them. An organisation might have the best security measures in place, but unfortunately, they are only as strong as their weakest link, and too often, this is the supplier. The supplier has become the path of least resistance.

Protect from attacks

This is particularly effective as it is no easy task to conduct a risk assessment across a multitude of suppliers, but that there are ways to protect the supply chain from attacks.

Firstly, be prepared. It is vital to identify your most sensitive and desirable information, your compliance environment and your current ability to protect them. With this knowledge, a company can formulate strategies and tactics to help them address risk based on what is a priority. This can

also help to identify what extra awareness or skills might be needed among staff. Formulate your policies around security, and make sure your staff and supply chain are aware of them.

Next, monitor systems and networks for signs of any suspicious or anomalous activity. In addition, keep an eye on emerging trends, the external environment and shifting business requirements. Measure the effectiveness of your cyber security tools and capabilities.

Have a response plan

In terms of protection, formulate and deploy security solutions that address the risk, and ensure the integrity of the sensitive information, but that are not so tight and cumbersome as to disrupt the business. Apply solid engineering processes to the design and development of security measures to ensure they integrate properly with business operations.

Another important factor, which is often overlooked, is response. Having a response plan in place is vital. Without one, it is impossible for a business to gauge its ability to not only contain, but to mitigate and recover from a breach.

Finally, education of staff, as always, is paramount. It is too easy to invest a fortune in technologies, but overlook the human factor. Staff must understand the implications of a breach, and know which information they handle is sensitive. Once staff understand the consequences, and the role they have to play in securing the business, this will go a long way towards keeping risk at a minimum. **SR**

Thermal protection for your products



Keep the cold chain!

Rollcontainer isolation covers, pallet covers and ratchet straps, manufactured to your specifications.

Your products will arrive in perfect condition with our covers, designed to maintain cold temperature.

KUNTZ CREATIONS

Tel: **012 567 1634**

Dries Kuntz

Cell: 082 671 2641

Email: dries@kuntz.co.za

Hanlie Kuntz

Cell: 082 698 9805

Email: hanlie@kuntz.co.za



The ten supply chain commandments for retailers

By Peter Auld

Once again we remind retailers and manufacturers of basic tenets of a successful supply chain strategy.

1. Keep it as **SHORT** as possible

Keeping the Supply Chain as short as possible may seem obvious at first, but many products are unnecessarily recycled through depots and staging posts, adding to the delays (lead times) and damages. Supply Chain 'mapping' is recommended tracing the path a product or group of products take from production to the Distribution Centre, exposing opportunities to bring the factory gate 'closer' to the DC.

Ask yourself these questions

- Have you checked the supply routes of each product for optimisation?
- Have you identified those products which should or could be channelled through your DC?



2. **TOUCH** the product as little as possible

Every time product is touched or handled there is a cost. Someone or something has to do the touching. It also increases the risk of damage, theft and increased and variable lead times.

A streamlined supply chain eliminates the need for so-called 'back up' storage in supermarkets which are unnecessary and a waste of valuable and costly real estate.





3. MANAGE it as widely as possible

Remember that suppliers also have suppliers of raw materials, packaging etc. It is worth learning how suppliers manage hiccups in their supply line, and how the retailer can perhaps help. Labour disruptions are problematical for suppliers and

manufacturers, and retailers should take a stock position in their DC's ahead of production disruptions which can take several weeks. The approach is a collaborative one where all those involved in the supply chain can learn about processes, problems and opportunities.

4. RECOGNISE it as consisting of INFORMATION, STOCK and CASH FLOWS

These three 'flows' occur simultaneously and in harmony. The information flow starts at the checkout and is used in the derivation of replenishment orders. This demand translates into a flow of product. Timeous and efficient flow is the objective for obvious reasons and for all partners.

Seriously powerful enablers are required given the number of SKU's and stores and suppliers involved, to enable the replenishment operators to 'fly the jumbo' effortlessly.

Get that right and the cash flow takes care of itself.

5. Remember that DATA INTEGRITY lubricates the Supply Chain

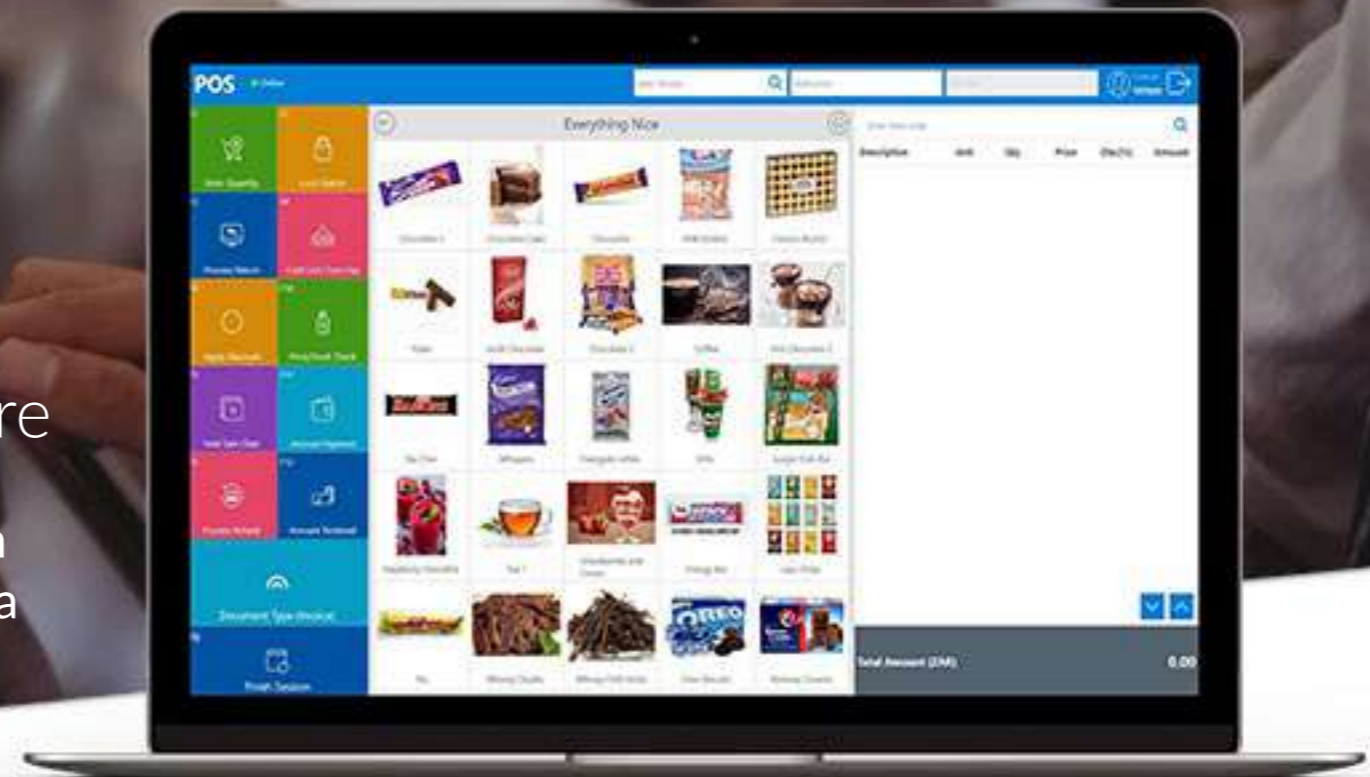
Many factors can impact the Supply Chain some of which cannot be controlled such as 'Acts of God'. However, there is no reason why controllable data should not be shared and accurate, be it prices, pallet configurations, packs sizes, pack dimensions, product dimensions etc.

palladium

Offline POS

We bring your Point of Sale into the future

Take control of your Point of Sales transactions through POS management. Palladium's Point Of Sale module is a comprehensive system with advanced features.



6. Ensure that DATA is clean, accurate and matched across all partners

Inaccurate data and data conflict will impact the three 'flows' above at considerable cost to the supply chain. The importance of data integrity cannot be over emphasised. The costs incurred resulting from poor or unmatched data are seldom, if ever measured.

7. PURCHASE and REPLENISH effectively, efficiently and continuously

Continuous replenishment is only possible with the aid of a sophisticated forecast and order determination (FOD) system which should also provide the economic order interval and the ability to set practical buying multiples at case, layer, pallet and truck levels.

Promotional orders can be problematical especially if they are 'one time' orders. Ideally promotions should be of duration, minimum one week, and should be driven using the promotional forecast facility in the FOD system.

8. Ensure that PALLETISATION and PACKAGING is cost effective and efficient

Damages arise from inadequate packaging and poor palletisation. Packaging departments are eternally trying to save on packaging, but often the savings are totally outweighed by damages brought about because of flimsy packaging. Packaging officers must be drawn into the supply chain discussion.



Transporters are very keen to maximise the load on pallets for obvious reasons, resulting in weights in excess of one ton and product 'overhang' causing damages and injury.

One ton with zero overhang is not negotiable as a pallet standard.

9. COLLABORATE with partners and eliminate conflict

Collaboration is poorly practised (if at all) in South Africa. Critical partners in the supply chain seldom meet and inefficiencies are ingrained, entrenched and become 'business as usual'. It is essential that the retail Supply Chain operators convene monthly review meetings with manufacturers, suppliers and distributors, where key performance indicators (KPI's) are agreed, set and reviewed. Typical KPI's

would be order fill, lead times, lead time variability, packaging and palletisation, truck turnaround times, and invoice matching, which should form the basis of the agenda.

Importantly, this cannot be done on a confrontational basis.

10. Acknowledge that the Supply Chain is DYNAMIC and tomorrow it can be IMPROVED

Trading success will eventually be decided by competing supply chains. It will not so much be supplier 'A' competing with supplier 'B' or retailer 'X' competing with retailer 'Y' but the relative performance and profitability of their respective competing supply chains. The greatest hindrance to this is a confrontational and adversarial approach between partners. **SR**

ENGINEERING
TOMORROW

Danfoss

Condensing Units | Optyma™

Unreliable cooling **eats your profit**

Upgrade your convenience store cooling
with a safe refrigeration condensing unit
and reduce your energy bill.



Follow Danfoss TMA:    

<https://www.danfoss.com/en/campaigns/dcs/convenience-store/#tab-overview>



The Smart Store Concept



Intense pressure on operating margins makes cost savings essential

The average profit margin for a large food retailer currently stands at just 1.7%. This puts every operating cost under scrutiny – because it has a direct impact on competitiveness and profitability. What this means in practice: supermarket teams need creative ways to save operating costs – including new technology and partnerships. They might also need to implement the technology for new revenue streams.

Increasing food safety and reducing food loss are more important than ever

According to the UN Food and Agriculture Organization (FAO), food wastage accounts for 3.3 gigatons of greenhouse gas emissions. Avoiding

food loss has always been essential to limit costs; it's now part of sustainability too. What this means in practice: retailers will need to keep their focus on maintaining safe refrigeration temperatures – and avoiding equipment breakdowns that waste time, money, and food.

Refrigeration systems in petrol forecourts convenience stores can typically consume 40% of the energy, and system failure can be very costly, as chilled goods perish quickly at higher temperatures. In addition, not being able to offer food and drink damages the image of any convenience store. When one of Ireland's biggest petrol station networks, Maxol Stations, started looking at new store refrigeration systems, reliability and energy efficiency were therefore the two most important considerations. The technical manager of the petrol station company was very clear about what he needed: high serviceability at a reasonable price, high energy efficiency, and absolute reliability.

Pay-back time of only 1–2 years

"The Maxol project has proven that our Smart Store concept is not only suited for bigger supermarkets and hypermarkets, but that it is easily adaptable to convenience stores with an expected pay-back time of only 1–2 years thanks to savings on energy bills and other operation and maintenance costs," says Roy Naidoo, Sales Manager, Danfoss, South Africa.

What's a Smart Store?

The Smart Store is an integrated solution for food retail that enhances food safety and brings down the energy bill by integrated control of refrigeration, HVAC, lighting and other applications, connecting and optimizing supermarket from case to cloud. It uses the Internet of Things (IoT) to link every system in a store, monitoring the performance of equipment 24/7 and reveals where there are opportunities to improve efficiency. This digital solution can minimize food wastage by ensuring perfect conditions for food in temperature-controlled environments. Through Big Data, stores are also equipped with self-learning components and solutions that intelligently predict failure and trigger maintenance – helping to achieve close to zero downtime. This opens up new possibilities for food retailers to improve the consumer experience, reduce food waste and ensure optimum performance of their stores. Not only would this benefit the environment, but it could also contribute to cost saving, impacting each store's bottom line.

Facts about the Danfoss Smart Store

The Danfoss Smart Store solution is based on more than 30 years of close cooperation with a global community of food retailers and more than 80 years in the HVAC industry. The Smart Store solution is operating in more than 50 000 stores worldwide, and the proven savings of up to 50% per store.

"The Smart Store is a thorough turn-key solution," said Roy. **SR**





Neville J Melville

My career has been such that I have come into contact with several Über (extremely)-successful people. I believe I have finally cracked the code as to what differentiates them from the rest of us.

In the tradition of Einstein's formula, $e=mc^2$, it is dazzlingly simple: The Über-successful turn everything that is taught at business schools on its head. The Seven Secrets that set the Über-successful apart from ordinary people are revealed here:

1. They have a sense of entitlement

The Über-successful appear to claim, as a birth right, whatever they desire. They feel they are entitled to the best of what life has to offer: The massively successful business, the mansion at the top of the hill, the jet airplane, the flashiest sports car, dining at the finest restaurants; exotic holidays and to be married (in the case of the males of the species) to a former beauty queen. And they usually get it all too. In his book, *Outliers*, Malcolm Gladwell points out that one of the biggest factors in success is a person's sense of entitlement. This should be subject to the provisos that it does not impinge on the rights of others and that it does not lead to people believing that they are entitled to achieve their goals without the necessary effort.

2. They don't dream big

The Über-successful don't dream big or follow their dreams. This is because they know that dreaming is a waste of time. Most people admit to having dreamt of coming into a large sum of money through winning the lottery or backing the next Apple stock but nothing ever comes of it. This is not to say that there is not money to be made from dreaming, but unfortunately it is not usually by the dreamers themselves but by unscrupulous people who exploit this weakness of theirs. Think, for example, of that email you received from the 'rich, Nigerian prince' who wants to share his fortune with you. No, the Über-successful don't dream: they see the future. They are visionaries. Bill Gates, the founder of the company Microsoft, had a clear vision of the future:

“ A computer on every desk
and in every home. ”

3. They are downside-risk agnostic

The Über-successful do not seem capable of comprehending that downside-risks exist. Like gamblers at a casino, they focus entirely on winning, or the upside. In contrast, ordinary people's imaginations flood them with things that could go wrong. The Über-successful have this downside-risk blindness because they believe they can see the future and believe they are entitled to achieve it. Richard Branson started his Virgin Atlantic airline when his flight was cancelled. Without any thought of failure, he hired a plane and offered the other stranded passengers a flight

The 7 Shocking Secrets of the Über-successful

By Neville J Melville LL.M



on it. As is to be expected, the Über-successful do not make fall-back plans. When Julius Caesar invaded Britain two thousand years ago, he famously ordered his generals to burn the ships that had carried them there. This left his troops with the stark choice of win the battle or die.

4. They don't colour within the lines

“ Hell, there are no rules here. We're trying to accomplish something. ”
Thomas Edison

The Über-successful cannot stand being restrained by the rules that society and its institutions, from governments to religious institutions, seek to impose upon them. They insist instead on playing by their own rules. Despite banker Horace Rackham having said, “The horse is here to stay but the automobile is only a novelty...”, Henry Ford set about building an automobile for the great multitude: He achieved this vision by moving away from the labour intensive assembly of vehicles by hand to the use of a semi-automated assembly line.

5. They don't play nicely with other people

“It's important in negotiations to exploit the weaknesses in others,” said 9 out of 10 self-made millionaires in a survey run by *Business Brilliant* author Lewis Schiff. Disturbingly, the Über-successful, with some notable exceptions, have at least two traits in common with sociopaths:

- A lack of empathy towards other people
- The propensity to manipulate and use other people in order to advance themselves and their own objectives.

As I have in the past been told by more than one Über-successful person that they “buy and sell lawyers”, I will not name any names but I'm sure you know many people who fit this mould.

6. They have no superpowers

Most people presume that the Über-successful got that way because they possess some special ability, talent or advantage. This is not always the case. In fact, they are perfectly ordinary people in all respects other than their success. Examples abound of Über-successful people who are not:

- particularly attractive (think Rowan Atkinson Mr. Bean would not have worked as a character had he been handsome)
- intelligent (in the conventional sense: Business mogul Richard Branson's teachers thought he was stupid, lazy or both. Actually, he had dyslexia)
- well-educated (Bill Gates dropping out of Harvard University)
- from a privileged background (Oprah Winfrey grew up in rural poverty living with her maternal grandmother and was so poor that she had to wear dresses made of potato sacks.

Patrick Allan says that while some people may naturally have the upper hand in some skill sets, being successful at something really comes down

to dedicating yourself to develop and master skills. Talent is just a starting point.

7. They are unstoppable forces of nature.

The Über-successful are like Duracell bunnies driving bulldozers: Totally unstoppable. It is this quality that truly sets them apart from everyone else. They are definitely self-starters and what gets them going and sustains them is their passion. The Über-successful seem seldom to sleep and quite often don't sleep at all when they are caught up in their passion. According to *businessinsider.com*, Inventor Nikola Tesla claimed to never sleep for more than two hours a day and reportedly once worked for 84 hours in a lab without any rest or sleep.



“ You have to be burning with an idea, or a problem, or a wrong that you want to right. If you're not passionate enough from the start, you'll never stick it out. ”

Steve Jobs **SR**

Neville J Melville is the author of Restore Your Greatness and the bestselling book, The Consumer Protection Act Made Easy, and the founder of greatnessrestored.com, provider of corporate talks, training and Greatness Interventions. He attended the Senior Executives programme at Harvard Business School in 1999.

Doing business in Mozambique



Terramar's 10 000m² distribution centre in Maputo

An awakening giant

By Hippo Zourides
hippozourides@gmail.com

The pattern of following the ups and downs of the SA economy is about to be broken in Mozambique. South African companies looking to expand their coverage of this country have a new option.

Mozambique has for years followed the ups and downs of the South African economy as many of its business links and products emanate from their Western neighbours.

A bonanza is coming

This pattern is about to change! It is well-known that Mozambique is rich in mineral and natural resources and that the coal boom of the early

part of this decade gave the country a boost. However, everything came to a standstill once the commodity prices fell and the country found itself embroiled in a political/financial scandal regarding offshore loans that went rogue.

The arrest of certain individuals and the imminent extradition of the previous foreign minister to the US to face the law, will go a long way to assist the Government to focus its full attention on the new finds and the potential bonanza on its way to the Mozambique.

Rubies and other precious stones are already being mined and a new gold find is adding to the lure of mineral exploration. But even these large

investments pale into significance when compared with the multi-billion-dollar investments that are taking place in the exploration of natural gas.

Anadarko, from the US, is one of the early starters with a confirmed US\$25 billion investment. ENI, from Italy, is already busy with its own mega project. Sasol, from South Africa, has also announced that a new gas field is readying for exploration. Soon, companies such as Exxon Mobil and others will be joining the queue to explore the gas resources. It is estimated that, in the next decade, Mozambique will be the second largest gas exporter in the world after Qatar.

The ripple effect of this boom in the North will



be felt throughout the country as a plethora of industries join the bandwagon, ranging from housing and accommodation, to food, to aviation, and everything else required by a range of workers and specialists, both expats and locals.

How to get into the market?

Certain South African companies are already operating in Mozambique and have managed to bear the brunt of the recent recession. Some casualties did occur – both Pick n Pay and Food Lovers Market from South Africa and Continente from Portugal left the formal supermarket field to Shoprite and some local SPAR entrepreneurs. One market that has adapted to the changes and continues to grow apace is the informal market. It is estimated that 85% of the Mozambican food retail spend takes place through the informal sector.

One player that has been active in this market is Terramar Mozambique Lda. This Storewatch outlines what their latest store in Maputo is all about and plans are afoot to expand the footprint into further markets outside the capital city. Two other branches – one located in the Malanga area of Maputo (the original Terramar store) and the second in Nacala, serve the wide range of clients that support this brand.

Terramar serves all supermarkets and trading stores in Mozambique, the hotel and hospitality trade, such as restaurants, bakeries and coffee shops, as well as all of the major catering companies that have established a presence in



The public is well catered for, both in groceries and perishable foods.

Mozambique to service a variety of clients, ranging from mines to gas exploration to factory canteens and executive boardrooms.

A large chunk of Terramar's business is aimed at the informal sector, who cater for the shopping needs of people who prefer to shop in the street/informal market rather than in formal supermarket environments.

South African companies trying to reach all of the above markets have the option of setting up distribution centres in Mozambique and employ local people to navigate the complicated market that this country is. An alternative however to achieve their goals is to use existing distributors who have long been established in the country.

Founded by Toni Diogo 18 years ago, Terramar is one such option. From small beginnings, Toni and his team have developed the brand to become Mozambique's largest wholesalers of food (dry, fresh and frozen) as well as a distributor of household general merchandise, such as paperware and cleaning materials.

The store

The 10 000m² outlet in Bagamoio, Maputo, is the latest addition to Toni's range of outlets (Nacala and Malanga are approximately 5 000m² each in size). Apart from the ample space for dry goods expansion, Toni planned the cold and freezer room space to become the largest perishable distributor in Mozambique. Cold rooms of 600m² and freezer rooms of 1 100m² that can take up to 1 800 tons of product, have enormous capacity for the

business still coming Terramar's way. These figures relate to the Bagamoio store; the whole group boasts 2 056m² of freezer space with a capacity for 3 120 tons of product.

The Bagamoio store can be described as a hybrid model, as it also serves people off the street who wish to buy wholesale. However, its main business is to focus on its major clientele as described above. The photos in this article are self-explanatory.

However, the store is equipped with a fresh produce department, as well as a butchery, deli and fish section.

Sourcing

Terramar decided a while ago that the only way to select, order and dispatch the correct variety of products for Mozambique was to explore the world. Local suppliers are supported to the fullest,

but their capabilities are limited.

Thus, two major procurement offices have been established. The first office, located in Gauteng, is responsible for the fulfilment of every item sourced in South Africa. The Lisbon office, not only sources from Portugal, but also searches the world for suitable merchandise from areas such as Europe, South America and others.

The result is that a large number of containers



The public is served from five dedicated tills while traders have their own point of sale tills.

arrive by road and sea every week to feed the Terramar pipeline.

The company represents certain SA brands exclusively (Ola ice cream, Rama margarine and Crown National spices are some examples) as well as Portuguese brands such as Torrie coffee, Gallo oil, Frami canned vegetables and fruit, Trevi pulses, Paladin spices, Renova paperware, Primor processed

meats and many others. The group has also developed its own private confined labels – Nutro in foodstuffs and Newfresh in non-edible groceries.

Toni and his team are always on the lookout for new proposals but their demand for a decent quality:price equation is always top of mind.

It is refreshing to see that, irrespective of the downturn in the Mozambican economy over the

last five years, Toni and his team had the foresight to prepare for the good times ahead. Says Toni, “We have invested heavily in this country and look forward to serving many new suppliers from various parts of the world in the future.”

South African companies, especially those aimed at the mass market, now have a good option available to them in Mozambique. **SR**



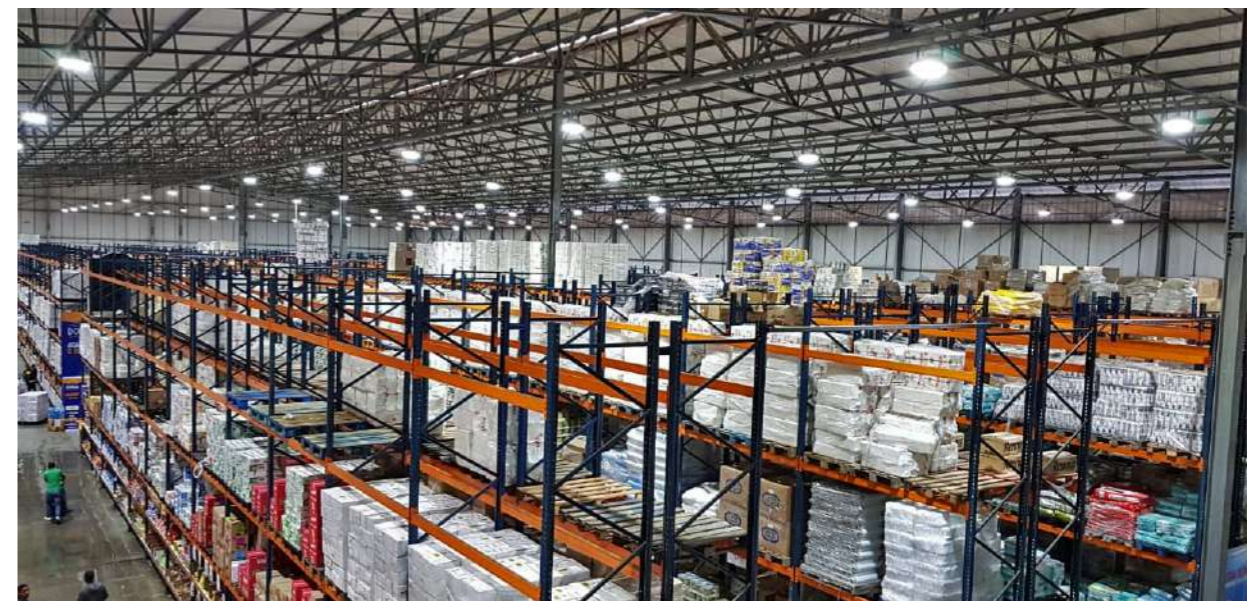
The receiving area is set at 6 degrees and no perishable product spends any time in ambient conditions.



The administration of the business is under the leadership of a chartered accountant.



The freezer rooms are equipped with motorised racks that stack up to create more space.



The DC capacity can take much pressure as the flow of goods out of the store is constant.



By Richard Flack
MD of Sureswipe

Today's retailers face a difficult challenge. Online shopping is attracting consumers to the convenience of desktop browsing, and away from the buzz of brick and mortar stores. According to research by World Wide Worx, online retail in South Africa represented 1.4% of total retail sales in 2018, surpassing the R14 billion mark for the first time. Moreover, increasing smartphone penetration is transforming the retail equation. Armed with smartphones and always-on connectivity, modern consumers have radically different needs and demands to the consumer of old.

Looking ahead, South African retailers have to contend with seemingly contradictory messages and trends: are they preparing for a digitally driven world with e-commerce at the epicentre? Or must retailers find a way to blend hyper-connected, digital lives into physical shopping environments that are augmented by new technology?

What does the Retail Customer of the Future



look like?

Arguably, the only way to plan for the retail future is to answer the pivotal question:

What does the retail customer of the future look like?



Are we moving towards 'Cashless being King?'

With the increased popularity of cash-free or cashless services such as Uber and QR based apps in the main metropolitan areas, cash is less still king in the informal sectors! Some market gurus are forecasting the shift towards a future of a cashless society – as consumers are increasingly demonstrating their eagerness to use their mobiles and tap to pay more and more internationally, a trend we're keen to see play out.

Around the world, innovations around mobile payments like push payments such as VISA direct and "pin on glass" to enable mobile phones to be used as acceptance devices, as well as contactless payment methods, have skyrocketed, with mobile transactions increasing year on year. In the United States, mobile payment transactions were valued at \$49.3bn in 2017, but this figure was dwarfed in just a ten-month period by China, where they reached

a whopping 81 trillion Yuan between January and October 2017.

Locally, the shift to a cardless ecosystem has been largely driven by the introduction of app-based payment services such as Zapper and SnapScan, which reportedly services over thousands of merchants across South Africa. Another recent entrant is Samsung Pay, which launched in August 2018. SME's across South Africa, from Spaza shops to beauty salons, now prefer to operate with devices such as iKhokha, which facilitate a quick and speedy card payment in conjunction with a payment app.

Taken as a whole, the global statistics paint a clear picture: the customer of the future will demand a friction-free, almost invisible payment experience.

Connected People, Connected Things

As of 2017, there were 3.4 billion global Internet users, which equates to 46% of the population, according to Euromonitor. By 2022, that figure will reach 58%. Along with more people becoming connected, more 'things' will become connected – with devices of all kinds constantly generating, sharing and analysing data. This is the Internet of Things (IoT), which will become fundamental to purchasing decisions.

What will this look like?

In homes, for example, connected fridges will automatically send notifications when certain essentials are running low – and may even send a grocery list directly to the owner's smartphone.

“ Today, e-commerce is shaping up to be just as important as the physical shopping experience – and both worlds will have to integrate and complement each other ”

For retailers, the growing role of the Internet of Things and overall hyper connectivity means that consumers will be very specific in what they are looking for – and will demand that the retail experience delivers on their needs both seamlessly and quickly. Retailers will thus have to leverage technology such as Business Intelligence (BI),

geo locators and data analytics to create a 'friction-free' ecosystem. For example, strategically placed sensors and connected beacons can notify shop assistants when stock levels are running low, and the use of chatbots can ensure that when consumers are online they receive instantaneous and data-driven feedback.

Sustainable Shopping, Sustainable Living

Today's consumers are becoming increasingly aware of their environmental footprint – which includes their daily purchasing decisions. According to research firm J. Walter Thompson Intelligence, 'consumers expect brands to be sustainable and are willing to pay more to support those that are.' In a 2018 study titled New Sustainability, the firm revealed that 89% of those surveyed 'care personally'

about protecting the planet; 92% said they are trying to live more sustainably, while 83% would always pick the brand that has a better record of sustainability. In short, the customer of the future will have a keen eye on sustainability – and will expect that brands, products and services 'live by' sustainable values.

Looking ahead, it is becoming clear that retailers will have to keep pace with the rapid innovation that is shaping almost every facet of the consumer experience – with digital and cardless payments, in particular, becoming a key point of focus. **SR**



The danger signals in SA's discount deluge

Consumers are being 'trained' to buy only on promotion – and it can backfire on brands, warns Nielsen's Kerith Botha.

South Africa is a nation of promotion-obsessed shoppers, according to a new Nielsen report, *The Price of Promoting*. It shows that 75% of the adult population say they know the prices of the grocery items they buy and notice changes in price. That's 6% higher than in 2017.

In addition, 31% actively search for promotions and 16% go so far as changing stores if a brand they prefer is on offer elsewhere.

Nielsen Connect South Africa MD Kerith Botha says this stems from the fact that despite ongoing, relatively low inflation rates (4.4% in Q1, 2019) and stable consumer confidence, fixed expenses, like the spiralling price of petrol, taxes and utilities, have placed a massive strain on essential living costs.

"This has led to consumers seeking financial relief and the first casualty of their desire to ease their financial strain is discretionary spending, which has taken a toll on their grocery baskets. Unfortunately, this 'money's too tight to mention' scenario has also seen South African shoppers prone to severe cases of Promo FOMO. The danger with this, is that for manufacturers and retailers alike, promotions can be a double edged sword.

nielsen
.....



"They bring consumers to the store and result in temporary pick-up in brand sales/ volumes but the long-term impact of promotions is more severe and can lead to loss of brand and store equity," says Botha.

The intensity of discounting within the local retail market becomes apparent when one considers that, in 2018, 30% of the total volume of products in South Africa were sold at a discounted price. This has increased by 3% since 2017.

In addition, 22% of South Africans say that they change stores based on the best discounts on offer, while 34% say they do not change stores

but actively search for discounts in store. Sixteen percent of consumers, versus 22% in 2017, also only buy products at a discount if they already like the brand.

Across the price and promotion studies performed in South Africa during 2017 and 2018, the average frequency of promotion increased by 3%. A significant relationship has also been found where more frequent promotions lead to higher consumer sensitivity to regular prices – which means in effect, consumers are being trained to buy on promotion.

But do promotions actually work? Says Botha: "Based on Nielsen global benchmarks, a promotion is said to break even if its 'efficiency' is 50% or greater. Out of the 200+ items analysed in South Africa for this report, only 33% surpassed the 50% efficiency threshold, which means that a massive 67% of promotions don't break even."

Botha also cautions that not all items see high uplifts when promoted, and pricing strategies need to be tailored to ensure the right categories are positioned at the right price. "Products need to be treated individually, as consumers display different sensitivities to everyday price increases and promotions on different items."

This has created a complex environment for manufacturers and retailers, and underlines the need for key insights to understand South Africa's preoccupation with promotions, to help create efficient promotion plans using effective pricing strategies," says Botha. **SR**

Source: www.nielsen.com



Shoprite spazas serve eKasi

By Tshegofatso Mathe

Adamela Trust business reporter
at the Mail & Guardian

On the main road in Zonkizizwe township in Katlehong on the East Rand stands an unmissable container spaza shop embellished in yellow and red. The structure has a big board erected on top of it, screeching 'Usave eKasi'.

The street is busy, populated with cars, children walking back from school, adults going about their business and street vendors.

People enter the store and others leave carrying a Shoprite 'plastic' containing goods they have bought, till slip in hand to get the security guard to sign on the way out.

Shoprite's Usave eKasi stores, which it has begun rolling out in townships, are between 100m² and 200m². Shoppers canvassed by the *Mail & Guardian* in Zonkizizwe said they were relieved to have a grocery store near to where they lived.

The eKasi stores are part of a decision by Shoprite, which had a turnover last year of R290-billion, to dramatically improve its presence in locations typically catered for by spaza stores. The group said it was establishing "smaller store formats across all its supermarket brands in previously underserved markets in communities



Shop and save: The Shoprite U-Save stores have spared township residents long commutes to supermarkets and they offer discounts that smaller shops cannot. (Oupa Nkosi/M&G)

and neighbourhoods across the entire consumer market".

Across from the Usave container, which was buzzing with activity, a Somali entrepreneur, standing behind bars and with a near-empty store of just two or three customers, told the M&G that the Usave store had taken almost 80% of his customers.

"But there's nothing I can do because customers choose where to buy," he said.

Usave store manager Eugene Moshwane said his store is busy – and it's like that throughout the month. He said the store does not sell red meat and vegetables because it is tiny and can only stock necessity products.

“Everything found in this store is specifically arranged for what customers buy.” He stocks fewer nonfood items because customers do not demand them.

“The shelves were stacked with essentials such as sugar, tea, coffee, cooking oil and tissues as well as staples such as mealie meal, bread, canned products and frozen mixed chicken. Other goods include mayonnaise, toothpaste, sanitary pads and snacks.”

“Here, we sell! When time goes by, customers come in their numbers and you need to serve them as quickly as you can,” Moshwane added.

Usave eKasi is small, but still has three cashiers, two packers, the manager and his assistant.

Most of the workers come from Zonkizizwe, whereas others come from Vosloorus, 10km from the shop. A few come from Spruitview, 12km to 20km away.

Locals say they welcome the arrival of the store and are happy as it is within walking distance.

A customer, Smith Mkhwanazi, said: “We used to suffer a lot, we would buy at Chris Hani Mall in Vosloorus. Usave helped a lot. And most of the things we can get here.”

Shoprite says Usave is a hard discounter and offers a limited assortment of products,



including its own Ubrand range which consists of 225 products across almost all categories, from toiletries and cleaning products to pasta, canned foods, fruit, sweets, chips and condiments.

Mbofholowo Tsedu, senior researcher at Trade and Industrial Policy Strategies (TIPS) says Shoprite’s decision to extend its reach into townships was not surprising given the economic conditions and market pressures on large retailers.

“Townships have always served as retail and consumer markets, [and] this strategy allows Shoprite a larger footprint with direct access to more clients,” he said.

Tsedu says placing container stores, such as the

one in Zonkizizwe, and other ‘mini shops’ in the townships could be a win for both the store and its consumers. He says placing their stores closer to consumers will strengthen its supply chain with more orders from these smaller outlets. He added that, “consumers will also gain through reduced travel times, the convenience of being closer to shops and hopefully, comparably cheaper goods.

“With townships being such large population centres it can be said that there is money to be made there,” said Tsedu.

Though townships were historically ignored in favour of larger town centres, “increased disposable incomes in the townships make them an opportunity not to be missed”.

Zonkizizwe can be a tough neighbourhood. The store faces issues, including a recent robbery where a group of men entered the store to steal money. Moshwane says he had to close the store previously, during a service delivery protest, to ensure products were protected.

Shoprite results for the first six months of 2019, released two weeks ago, showed a 18.2% decline in after-tax profits to R4.2-billion.

Shoprite said the constrained economy, inventory shortages, industrial action and the implementation of a new IT system across its store base enterprise-wide resulted in lost sales, meant it managed to grow sales by a mere 3.6% to R150-billion for the period.

Shoprite did not respond to questions about how many Usave stores it planned to roll out in townships. **SR**

Assortment reviews and planograms should not be tick-box exercises

By Janet Kirkbride

Red Jersey Consulting – proudly partnered with
Smollan Diversified Services

janet@redjc.com | (082) 3987-6694

Assortment and space planning reviews tend to be a routine annual or bi-annual affair driven by retailers, and for many buyers, key account managers and brand managers these exercises appear to be grudge undertakings, given limited preparation time and less conversation ... with virtually no constructive option generation.

Brand Managers and their KAMs tend to focus on forward share (relative to market share) and distribution levels – neither of which are particularly important to the retailers who control the shelf.

Retailers on the other hand give keen attention to the cost of stock carried on-shelf, days of supply, and associated stock turns, with some also taking into consideration the margin mix and GMROI. These measures have no direct relevance to brand managers and KAMs.

And certainly, none of these are of paramount importance to the shoppers for whom the shelves are laid out and stocked. They are looking



for solutions to the needs of their consumers presented in an easy to navigate fashion, with ample stock on-shelf, some inspiration and new news creating a positive shopping experience.

Ultimately, the purchase decisions of these shoppers determine the revenue and profit streams of both brands and retailers – so one would expect

that assortment and planograms and floor plans would as a primary function take special care to satisfy and delight shoppers ... and yes, to the advantage of the brands and retailers involved.

There are three significant inputs to maximising shopper engagement and conversion in assortment and space planning initiatives, namely:

1. Category growth drivers

Clarity as to the most significant sources of upside growth potential (penetration, frequency, weight, mix) and the triggers to unlocking them.

These are the essential outputs of the Situation Analysis at the very start of Business Planning and should be the golden thread that links all cross-functional strategies and plans.... from innovation and advertising to pricing, promotions, displays, and yes store level assortments and merchandising.

All mechanisms that impact usage and purchase should be collectively employed for maximum impact in triggering the shift in sources of growth.

2. Needs and growth centric category definition and construct (category decision tree)

Decision trees form the basis of performance analytics, merchandising flows, assortment and space productivity, and NPI listings all applied in decision making, negotiations, and shopper engagement. Despite its important role, I've yet to come across a business that has a single version of the category definition and construct that is clearly understood and employed across all functions ... let alone with all suppliers/retailers.

3. Shopper and mission centric store clustering

What category decision trees are to products ... store clusters are to stores, having the same important function in analytics, decision making, negotiations, and shopper engagement.

Consider for example the following artificially generated scenario as illustration:



Petcare category

1. Category growth driver = puppy and kitten care

Establishing good petcare habits with pet owners from the first day that they bring a puppy or kitten home builds product repertoires and drives up the contribution of premium solutions, together driving long term category value and margin growth.

Each retailer applies their own models of store groupings reflecting a combination of store size and shopper/transaction profile. Understanding of the factors employed is essential for brand managers and KAMs to use these clusters when undertaking performance reviews, determining the role of retailers, and in the development of proposals and campaigns.

A single store clustering model across all retailers in a channel that reflects distinct shopper and transaction profiles would enable significantly more insightful analysis, objective setting, and as a result more impactful activation plans and higher ROI.

So, in closing, these inputs should ideally be

2. Category definition and construct

Incorporating puppy and kitten care as a high level segment within the category will ensure that brands and retailers track and manage performance collectively, that store assortments have sufficient representation of puppy and kitten solutions, and that a specific puppy and kitten section is created on shelf to ensure that new and existing petcare shoppers can easily find and stock up on solutions to all of their puppy and kitten requirements.

3. Store clusters

The interest in petcare, as well as specifically puppy and kitten solutions is likely to differ across LSM, race, and lifestage families directly impacting the contribution of the category and segments to store revenue. This will impact the category assortment breadth and depth as well as the category space allocated in-stores.

Similarly, the profile of solutions preferred by shoppers is likely to differ across store groups and needs to also be taking into consideration when deciding on the assortment and shelf plans to be executed.

standard practice within manufacturers and retailers – being reviewed annually as part of Strategic Business Planning.

Similarly, strategically based assortment and merchandising directives should flow from Business Plans into Category, Customer Marketing, Customer, and Ops Plans making the routine reviews more proactive and less painful.

I urge Buyers, Brand Managers, and KAMs to do more than a tick box exercise when reviewing assortments and layouts – ensuring that you create an engaging shopping experience, competitively satisfy shopper needs, and proactively stimulate incremental, higher value and margin purchases. **SR**

Small uptick in South African consumer confidence

■ Three point increase in consumer confidence ■ The economy is South Africans' number one concern

South Africa's latest Consumer Confidence Index (CCI) for the second quarter of 2019 shows a three point increase to 93, presenting a marginally more positive quarter on quarter picture for consumer sentiment in South Africa.

Nielsen South Africa Connect MD Kerith Botha says; "Despite experiencing tight financial conditions due to factors such as rising fuel and utility prices and lower personal income in real terms, South African consumers are feeling slightly more positive which has translated into the increase in their overall confidence levels.

"This is also echoed by recent Stats SA data which showed that the economy grew beyond expectations, by 3.1% in the second quarter of 2019. In addition, food price increases at major supermarkets have remained between 3% and 6%, below current consumer price inflation figures for South Africa."

The battle of the budget

Against this backdrop, 19% of South Africans' monthly budget allocation currently goes towards food and beverages at home, 17% to housing (rent, mortgage and utilities etc) and 10% on education. Interestingly, South Africans allocate the same amount of their budget (9%) to communication services like mobile phone landline, internet, cable tv etc and the daily grind of routine transport.



In terms of whether South Africans have any spare cash, 80% say yes. The highest number of consumers 47% (up from 45% in the previous quarter) put their disposable income into savings, followed by 34% paying off debts, credit cards and loans. Twenty seven percent of respondents said they would spend it on new clothes, while 23% said they would spend their spare cash on out of home entertainment, which may well be due to the need for a respite from the day to day realities of their lives.

Altered spending

Looking at how South Africans have adapted to the current wallet squeeze scenario, 84% of South Africans say they have changed their spending to save on household expenses. The top action they have taken to save on money is cutting down on takeaway meals (61%) followed by spending less on new clothes (56%) and switching to cheaper

grocery brands (49%, although this is a seven point improvement over the 56% it was in the previous quarter).

In terms of their outlook, 74% South Africans think the country is currently in a recession, versus 78% in the previous quarter. When it comes to their top concerns, 30% of South Africans cite the economy as their top concern, followed by job security at 26%, crime at 21% and increasing fuel prices also at 21%.

Where to from here?

Looking to the future, there has been a one point increase in the number of South Africans who view their job prospects as excellent or good to 33%, with those who say the state of their personal finances over the next 12 months will be excellent or good, having increased by three points to 66%. There has also been a positive uptake when it comes to spending intentions, with a two point increase to 31% South African consumers who feel now is a good or excellent time to purchase what they need or want.

Commenting on this unfolding scenario Botha comments; "South African consumer sentiment is stable at present off the back of positive movement during the last three quarters. It will be interesting to see how consumer confidence and spending intentions are impacted by macro-economic factors and consumers' personal outlook in the months to come." **SR**

Auchan leaves Italy

By Antonello Vilardi (www.retailwatch.it)

Adapted by Hippo Zourides

After many years of trial and error, continuous store remodelling and re-aligning their marketing strategies, French chain Auchan have decided to exit Italy to the benefit of Italian chain Conad, that is now absorbing 46 hypermarkets, 230 supermarkets and 20 000 new employees.

This acquisition makes Conad the biggest Italian mass food distributor, with a market share of 19% and an aggregate turnover of 17 billion Euro.

Below is the letter sent to all suppliers, customers and employees of Auchan by Edgard Bonte, president of Auchan Retail.

“As you know, Auchan Retail is experiencing great economic difficulties. For many months we have been committed to reducing all our causes of loss in each country. This forces us to make choices that we have not been able to do so far in order to revive the business.

Difficult but now indispensable decisions.

In this context, Auchan Retail has signed the sale of its Auchan Retail Italia business to Conad, an Italian cooperative distribution group.

The agreement specifically provides for the sale to Conad of 100% of Auchan Spa, that is all Auchan and Simply. The acquisition of all stores and locations is included, with the exception of the 50 Lillapois, which remain managed by Auchan Retail, and the direct activities of supermarkets in Sicily.



We opened our first Auchan hypermarket in Turin in 1989. Historically, Italy has had great successes in the past, particularly after the acquisition of Rinascente.

But our stores have experienced very significant difficulties since the 2011 economic crisis, which has affected the whole of Italy with enormous impacts on household consumption and therefore on the company's results.

Always supported by our shareholders, the company has taken many actions to try to get out of this situation – remodelling, sign changes (MyAuchan, Auchan Supermarket), closures of unprofitable shops, rationalisation of offices and a social plan created in 2015.

Despite the investments and efforts, Auchan Retail

Italia was not able to meet the needs of Italian customers in an economically sustainable way and therefore remained constantly at a loss for too many years, impacting heavily on the results of Auchan Retail.

Faced with the size and duration of accumulated losses and in order to guarantee the sustainability of commercial activities in Italy, we decided to sell these stores to Conad, the second largest Italian food distributor. This union will give new life to the number 1 retailer of the Italian market.

Its strength will be to be able to count on the complementarity of both societies on a geographical level, on the whole Italian territory, and on the multiformed experience in the different activities.

For Italian teams it represents the opportunity to reach a leading national distributor, with a strong commercial dynamic.

Personally, I want to thank you all for your work, your energy and your commitment. It is a very difficult decision for us to renounce a historic country of Auchan. I am fully aware of the impact of this decision in everyone's life.

But this sale is objectively the only way to guarantee the continuity of commercial activities in Italy.

I am convinced that this decision is the best for the future of the Auchan Retail Italia teams and therefore for each one of you. 🙏

SR



National 2019

SACSC Annual Congress

16 October | Cape Town

An excellent opportunity to showcase companies or services on offer, as well as networking with a captive audience over the three day event.

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

This is attended annually by 10 000 Jozi wine lovers representative of the country's largest and most discerning wine market. The exhibitor profile of around 150 exhibitors comprises big brand names, boutique wineries, wine routes, imported glassware, wine accessories and wine storage systems. 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 joining 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 need to know, do and implement in the new world going forward.



MamaMagic

01 November | Cape Town

This baby expo provides a comfortable environment to learn, explore and grow for over a decade. It gives an exclusive shopping experience with 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, very highly rated in terms of influencing next year's marketing.

MamaMagic

28 November | Johannesburg

This baby expo provides families from all over Africa with a comfortable environment to learn, explore and grow. It provides an exclusive shopping

experience, internationally recognised brands, expert advice and interactive talks.

Eastern Cape Wine Show

29 November | Port Elizabeth

Wine lovers should make it a date night for an evening of great wine tastings. Connect with winemakers or their representatives while tasting an array of around 250 of South Africa's best wines – all available for both sampling and ordering via Shop@Show.

International 2019

Anuga – Taste the Future

05 October | Cologne

Anuga is the world's largest and most important food and beverage fair – for new markets and target groups, for all the trends and themes and, above all, for first-rate contacts and business deals. With 6 777 suppliers exhibiting, the fair occupies the entire exhibition centre, which is the fifth largest in the world.

FoodAfrica

09 December 2019 | Cairo

This is the continent's largest international trade exhibition specialising in the food and agro industries. It combines an innovative format of showcasing, networking, and matchmaking, is a unique platform to access major agricultural opportunities in the Egyptian mega-market, and Africa's booming agriculture industry. **SR**

