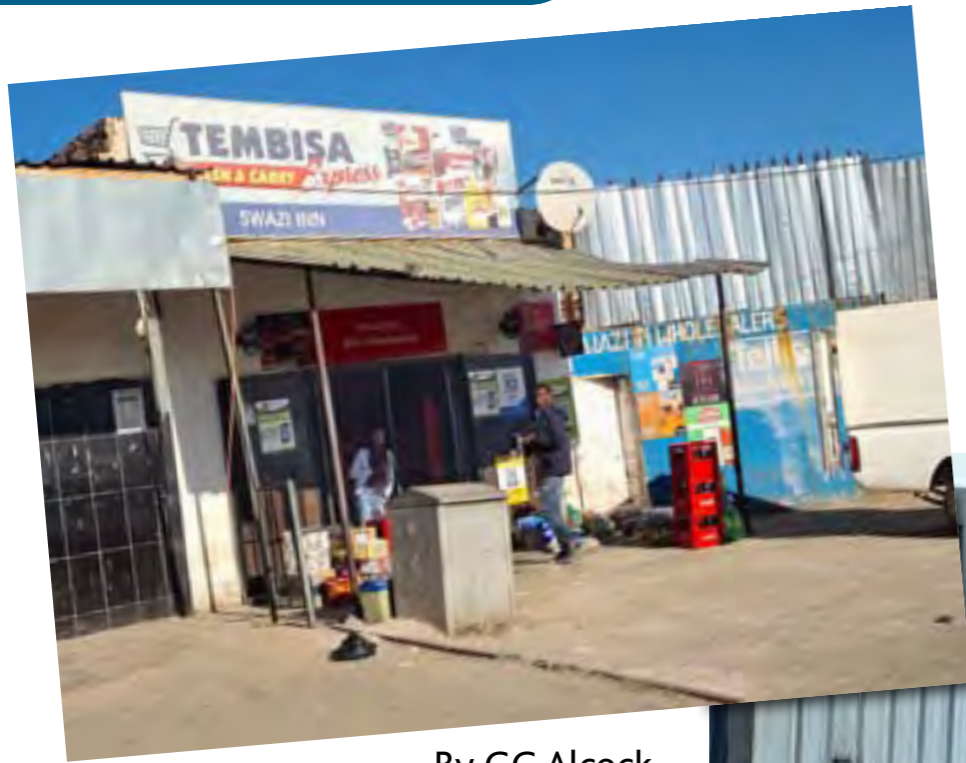


# The future of wholesale



By GG Alcock

Lets call him Abdurashiq Ali, a Somali midi wholesaler owner of lets call it Mokopane Cash and Carry in Soshanguve – a poor widely spread out township north of Pretoria, named after the various tribes who were made up the township, Sotho, Shangaan, Nguni, Venda. His fleet of Mercedes trucks travel the length and breadth of Gauteng sourcing the best priced bulk supplies for his wholesaler. Mokopane Cash and Carry is a huge wholesaler, although to most of the FMCG brand world it doesn't exist, and neither does he. A midi wholesaler is a term coined by Minanawe for a wholesaler who is generally informal and not as big as a formal wholesaler, yet still fairly substantial in size.





Up to 40% energy saving with our Close the Case Glass Doors

## Ways to save

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

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

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

## Benefits

- Reduced energy consumption
- Extended product shelf life
- Double glazed argon filled void for Better insulation
- Optimal product temperature
- Glass doors have optional mullion lights
- Handles included
- Up to 40% energy saving
- Solution for new cabinets or retro fitted on existing cabinets
- Doors are spring loaded
- Less cold air spillage - warmer aisles
- Proudly South African

## Aspects

LEASE TO OWN & **PAY WITH SAVINGS** ON YOUR ELECTRICITY BILL

\*Lease to own option over 12, 18 & 24 months now available to qualifying customers.



ENERGY EFFICIENCY



NEW OR EXISTING



ENVIRONMENT RESPECT



FOR ANY OTHER ENERGY SAVING PRODUCT ENQUIRIES, PLEASE FEEL FREE TO GET IN TOUCH WITH US.



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Ali left Somalia and travelled via Kenya, Tanzania, Malawi and finally Zimbabwe before arriving in 2002 in South Africa, where he sought and received asylum. He started work as a hawker in Wynberg and Alexander township, selling cheap Chinese products door to door. Within two years he had saved enough money to open his first spaza in Wynberg. Very much like Solomon, in 2010 he had built his spaza up enough to sell it. He moved to Stellenbosch where he bought a spazarette, a supermarket style spaza and ran it for a year before selling this and returning to Gauteng.

In 2011 Ali moved to Gauteng, where he bought a thirty percent shares in spazarette from Somalis from his clan, in Soshanguve for R70 000. And in 2015 Ali decided to move into wholesale, selling his share in the spazarette and borrowing R250 000 with partners to build the wholesaler. Once the wholesaler was built, Ali arranged R200 000 in consignment stock through an 'ayuto loan' from fellow Somalis. The payback for this *ayuto* loan including fees was six months.

Mokopane Cash & Carry's current stock levels are around two million rand. In three years he has grown from the R 200 000 ten times, and supplies most spaza shops and spazarettes, around two thousand outlets within a few kilometers of his wholesaler.

It took Ali eight years, but today he has permanent residence with a South African ID, he could open a bank account, supplier accounts, he's registered for VAT, his business is properly registered and claims to pay tax. The wholesaler



employs South Africans to drive his trucks and as security, and inside the store four Somalis and three Malawians. “The South Africans are not good with people and with selling,” he says.

Ali is a wholesaler but he has to buy from another wholesaler, a traditional South African wholesaler. He shops around at up to ten wholesalers, sometimes he negotiates a bulk price then he dispatches his trucks, his big Mercedes trucks are worth almost a million rand each. He’s ignored by manufacturers because generally they don’t know he exists, and when he tries to talk to them they either don’t believe he has the volumes he has or they are afraid of upsetting the formal wholesalers. So Ali is forced to deal with wholesalers while he is actually the person that manufacturers should be talking to. He is one of about five hundred informal wholesalers in South Africa owned primarily by Somalis. I have dubbed these ‘midi wholesalers’, but they are often called Cash and Carries by their owners.

As the Somalis have moved into spazettes and supermarkets so they have also moved into wholesaler, or bulk sales. Their secret is in essence that they are closer to the spaza or spazette retailer in the townships saving them transport costs. Second is that they unpack packs from shrinks with no price penalty. The midi wholesaler allows the spaza or spazette owner to get the full range for his store but in the quantities and sizes they can afford. The average outlet calls on the midi about three times a week, and generally there are around 200 to 500 spaza, spazette



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## THE INFORMAL SECTOR

owners and runners, spending R1 500 to R7 000 per outing at these midis. The midis turnover anywhere from R100 to R150 000 per day, albeit with very low margins of 2% to 7%. This midi channel will increasingly disrupt formal wholesalers and could be the next big retail sector. They are very well managed and organized, with their own advertising on both broadsheet, SMS and WhatsApp.

Around 60% of midi wholesalers are hybrid stores calling themselves Cash & Carries. In these hybrid stores the trader can buy bulk products in cases or shrinks and the everyday shopper can also buy individual units for their monthly shop. This hybrid style store is a very powerful offering benefiting from both wholesale and supermarket style shopping.

My estimate is that this immigrant dominated FMCG sector of spazas, spazarettes, cash & carry's and midi wholesalers is worth R150 billion a year. Of this an educated guess is that the midi wholesaler and Cash & Carry sector is worth around R30 billion. That's a big sector, particularly if you consider that its invisible, unknown and to a large extent unreachable. Few businesses distribute to this sector, have databases of this sector or know how to talk to Ethiopians and Somalis, who make up the majority of the midi wholesaler sector.

Currently, because traders only stock what consumers buy, big brands are surviving because consumers ask for these brands and the midi stocks these. But the opportunity for new or number two brands to leapfrog these big brands (who ignore this sector) by listing and creating relationships with midis is huge.



I chat to my friend Hassan who also manages and co-owns a midi wholesaler in Tembisa. “So who delivers to you?” I ask.

“Aahh no one really, just the milk and bread people and the people from Kingsley” (affordable Coke style soda range).

“But why? You sell almost R 200 000 a day’s worth of branded goods?”

“I went to two big companies, one of them was XYZ brands, you know them?”

I laugh, yes one of my clients.

“Ja. They came and saw my shop. They liked the volumes, but they said no they can’t deliver or give me better manufacturers prices,” he beckons and leads me outside, “you see there?”

Hassan points at his truck parked on the pavement unloading tons of maize meal directly into the store. “That’s my unloading bay. They told me without a proper unloading bay they cannot deliver!”

And that’s how it ended ... at what opportunity cost to the manufacturer one wonders...

There are approximately 1 000 midi wholesalers in South Africa of which about 400 of these are major stores with R10 million plus turnover a month. This is an important wholesale channel and one which manufacturers and brands can ill afford to ignore. My colleague Ibrahim Abdullahi (Ibrahim@hornafro.co.za) services this sector arranging listings, building relationships and driving sales via his business Hornafro Marketing. If you want to be part of the future of wholesale it may be worth calling him and creating relationships with these midi wholesalers. **SR**



GG Alcock is the author of *Third World Child: White Born Zulu Bred*, *KasiNomics: African Informal Economies and the People Who Inhabit Them*, and *Kasinomic Revolution: The Rise of African Informal Economies*. He is the founder of Minanawe Marketing and is a specialist in informal & Kasi (township) economies, marketing and route to market strategies. Visit [www.ggalcock.com](http://www.ggalcock.com)



# CASE CLOSED

## Energy Saving Solutions

Glacier Door Systems has introduced the Air Shield ('Close the Case') Glass Door retrofit solution for refrigerated supermarket display cases, as well as the Eco Leaf Replacement Glass Door for existing glass door freezer rooms and glass door freezer display cabinets. Both solutions guarantee energy-savings in an ever-increasing energy cost environment. Part of the well-established Universal Industries Group, Glacier has 26 years' experience and are acknowledged industry leaders in refrigeration door technology. Innovative and forward-thinking, the company is built on cutting-edge technology, technical expertise and a customer-centric approach.

## Air Shield Glass Doors

### Features and Benefits

- Double glazed glass doors with Argon gas fill for superior insulation.
- Glass durability and clarity with torsion bar for positive closing.
- Glass door heating option for high humidity environments.
- Glass doors available with hold open brackets and LED lighting options.
- Flex modelling means glass panels are customised to fit existing cabinets and are tailored to suit each store's specific environment.

**A quick and easy energy-saving retrofit solution, Air Shield Glass Doors can be fitted to any existing open refrigeration case, saving up to 40% on energy consumption.**



**Note:** The value proposal is based on R1.31 per kWh and 40% energy saving. These are averages based on our experience and can be validated per store.

### The value benefit

- High-quality locally manufactured solutions featuring the latest energy-saving technology.
- Demonstrated good pay back periods can be expected.
- Customised solutions to suit your store.
- ISO 9001 accredited factory.
- Safety toughened glass in accordance with SABS/SANS certification.
- Flexible installation timing to offset any customer disruption.
- Financing options available.

**You can trust a Glacier door**



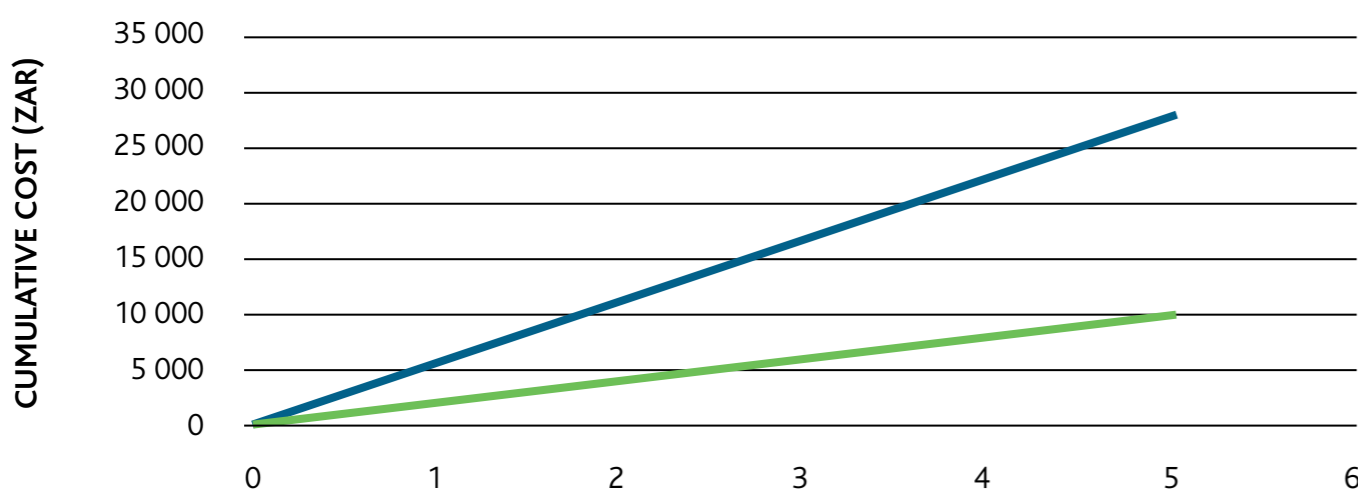
# CASE CLOSED

## Energy Saving Solutions

### Eco Leaf Freezer Doors

Designed as a 'swop-out', energy-saving replacement glass door utilising 220V technology that eliminates the need for voltage-reducing capacitors. This results in an amperage reduction from 1.29A on the standard door to 0.46A (64%) with the replacement Eco Leaf Door.

The Eco Leaf door is 64% more efficient than the standard door. The value proposal is based on R1.31 per kWh and 64% energy saving. These are averages based on our experience and can be validated per store.



	AMPS	VOLTS	WATTS
Glacier Eco Leaf Door	0,46	230	105.8
Glacier Standard Door	1,29	230	296.7