

# SUPERMARKET & RETAILER



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**Economic &  
environmental  
impacts on  
Butchery & Braai**

**Dairy, Cheese &  
Ice Cream ... a mixed  
bag of results**

**Into the future  
with Stationery,  
Back to School  
& Office Supplies**



## FEATURES

### Dairy, cheese & ice cream

Ann Baker-Keulemans says the key market signals for these industries are a mixed bag of results.

The supply of and demand for dairy products in the international market remains high amid changing circumstances, although the Covid-19 pandemic significantly affected the dairy market – as has increases in the prices of important inputs such as fuel, energy, animal feed

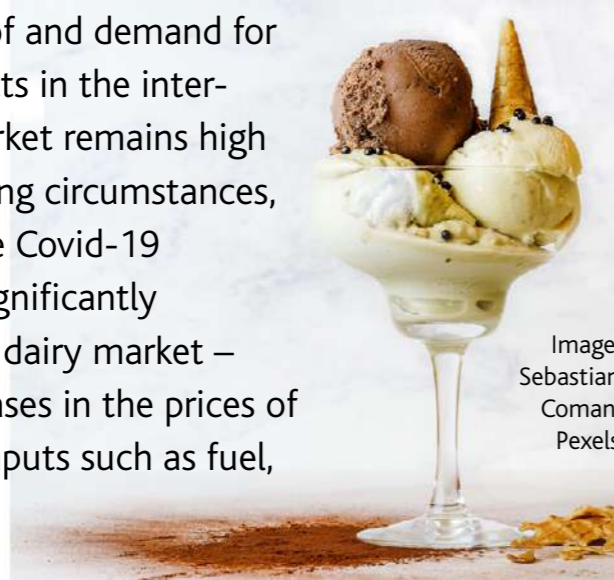


Image: Sebastian Coman, Pexels

including maize and soya, and developments in the international market such as the war in Ukraine.



Image: Cottonbro, Pexels

### Butchery & braai

Economic and environmental factors also have impacted on the butchery and braai sector. The cost for meat producers has been rising, impacting on the end price for consumers and pushing many cuts out of reach

# Contents

of shoppers who are still struggling to recover from the economic blows. This includes the ongoing outbreak of foot and mouth disease in several provinces and the effect of load shedding on processing plants.

### Stationery, back to school & office supplies

After a period of upheaval, work and school life is still settling into the new normal.



Image: Anton Sukhinov, Unsplash

The good news is that despite a downturn during the Covid-19 pandemic, revised market reports are expecting strong growth in South Africa throughout the category and at a global level.

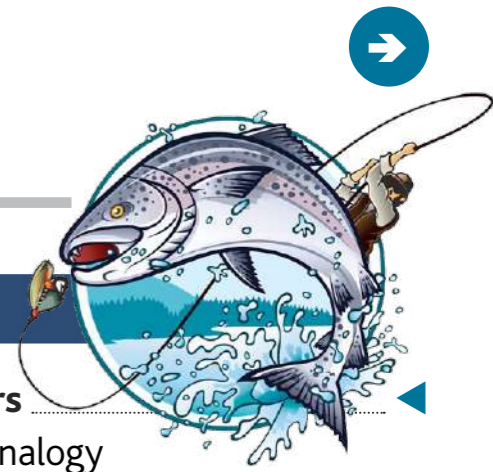
### Storewatch: FLM Harvest Place

Food Lover's Market has opened a stunning food emporium in Kempton Park's Harvest Place Mall. The store boasts the newest retail design and innovation across its many departments to create a truly unique shopping experience. The high premium on offering the best shopping experience is evident through incredible attention to detail.

## COLUMNS

### Delight your customers

Aki Kalliatakis uses the analogy of a fish out of water. A customer management strategy's purpose is to improve the quality of the water – the customers' experiences. You cannot do it in a self-centred way, to be aware of the greater context of their lives and listen to and observe the obvious and not so obvious clues they give you about what they need, want and desire.



## NEWS

### Social media

Arnaud Blanchet shows the way to create online offers to generate more traffic in your store and attract new customers.

### NielsenIQ research

State of the Retail Nation Report reveals pockets of positivity ... the annual CPG sales top R527-Billion and the liquor sector continues to rebound.



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# Where is my cheese?



Helen Maister

**N**othing stays the same, everything is always changing. The bad times pass and the good times pass. Life is in flux. As in good times, always be looking to the horizon for approaching change, and in bad times, look to the horizon for approaching change. Change is inevitable.

Adaptability is key. As SAFAs

we know how to 'bob and weave', adapting to the ever changing retail environment. The lesson from 'Who moved my cheese' (Spencer Johnson) is never stop moving, you can always find new cheese.

In this issue, we will share business insights and knowledge on the Dairy, Stationery and Butchery industries so you, the retailer, can gauge where you are in the ever changing cycle and you can make the right moves to keep you or bring you back to profitability.

Despite challenges, dairy products in the South African market remain immensely popular and form part of the staple grocery shop for millions of South Africans.

Of course, this varies between consumer segments – depending on factors such as socio-economic status, personality, brand perception, culture, gender, the

importance of health, age, and life-cycle stage. Therefore it is crucial for each store to have a deep understanding of their shoppers and in which dairy, cheese and/or ice cream categories and products they will be willing to experiment, impulse buy, require for school lunches, look for a specific pack size, have the means for high-end cheeses on each shopping trip, or want a weekly dairy, cheese, or ice cream treat.



The rising number of variants in dairy products provides consumers with increased on-shelf/on-leaflet brand exposure, which increases interest in these products and willingness to 'buy and try'.

South Africa is a nation of meat-eaters, and the country's braai culture is strong. As such, the quality of

local meat and butchery products is incredibly high and consumers are both discerning and knowledgeable. Local consumers have traditionally relied on red meat as their main source of protein, and it plays a significant role in celebration day meals as a special part of the menu.

However, the cost for meat producers has been rising, impacting on the end price for consumers and pushing many cuts out of reach of shoppers who are still struggling to recover from the economic blows dealt by the Covid-19 pandemic. With the Ukraine-Russia war continuing to drive up energy, fertiliser and fuel prices, the cost of maize and other grains used to feed meat animals rising as availability falls, and everything from farming to transport and packaging costing more, what does the future hold?

Africa is one of the regions expecting good growth in the stationery category. As demand grows in these areas, manufacturers and suppliers are opening channels for increased retail prospects. In developing countries such as South Africa, there is also still a high call for traditional office and stationery supplies, such as paper products, writing instruments, school and home stationery, and arts and crafts supplies. Paper and other school supplies remain a staple requirement for those unable to afford or access more expensive technology and schools still require learners to have at least a basic stock of stationery.

*Helen Maister*

**Helen Maister**



# Like a fish out of water

In 2005, author David Wallace gave a speech to the graduation class at Kenyon College in Ohio. He began with a story that you probably have heard before ...

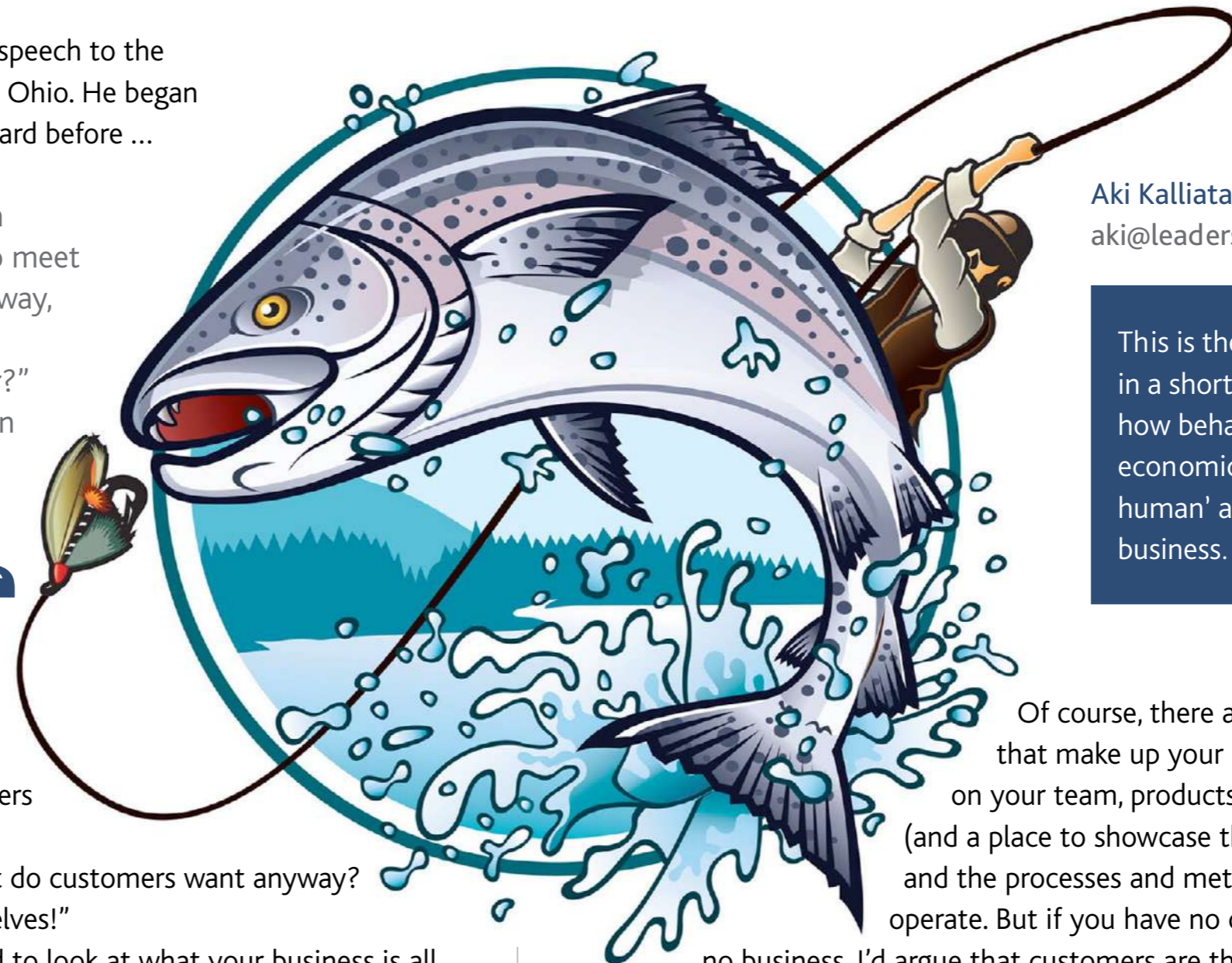
“ There are these two young fish swimming along and they happen to meet an older fish swimming the other way, who nods at them and says, “Morning, boys. How’s the water?” And the two young fish swim on for a bit, and then eventually one of them looks over at the other and goes, “What the hell is water?” ”

Wallace went on to state that the most important and obvious realities are often the ones that are hardest to see and talk about. In business, customers are the water.

Businesspeople always ask me, “What do customers want anyway? So often, they don’t even know themselves!”

But if we take one step back, we need to look at what your business is all about. In what is often misquoted, management guru Peter Drucker defined a business as ...

“ A social group that differs from other social groups in only one way: businesses must have customers ... The purpose is to create and keep its customers. ”



Aki Kalliatakis  
aki@leadershiplaunchpad.co.za



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

Of course, there are many other parts that make up your business: people on your team, products and services (and a place to showcase those products) and the processes and methods by which you operate. But if you have no customers you have no business. I’d argue that customers are the most important.

Customers are everything. They are (hopefully) around us all the time. They are the water of business. They are the purpose behind all actions and communication, and we’d better have a strategy to take care of them – even when they don’t know what they want!

On the one hand, the water analogy is great because without water we die. But, just as the two fish in the story are so submerged in water that



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they struggle to see it, businesses are so immersed in customers that they can't make sense of it. Naturally, many leaders don't consider customer care the best use of time. But leaders must choose the success factors of the business where they want to focus.

Some justify their hesitation – they say that trying to affect the water all around doesn't make sense. But if you think about the impact of an oblivious and unintentional approach to customer experience, designing it with little purpose and unable to understand how it affects your business's success, of course you will end up in trouble. One only has to look at retailers that no longer exist to see the path of destruction wreaked by unconscious customer strategy.

What about the fact that customers don't know what they want?

In the movie *Men in Black*, my favourite scene is when Jay (played by Will Smith) as a cocky newbie, has his first encounter with aliens. He turns to his senior Kay (Tommy Lee Jones) and asks why they don't just tell the world that aliens exist. After all, "... people are smart, they can handle it." Kay responds ...

“A person is smart, but people are dumb, panicky, dangerous animals, and you know it.” And then he added: “Fifteen hundred years ago, everybody knew the Earth was the centre of the universe. Five hundred years ago, everybody knew the Earth was flat, and 15 minutes ago, you knew that people were alone on this planet. Imagine what you'll 'know' tomorrow. 🗨️”

This idea perfectly captures that even though we people can intellectually comprehend something new, it's often difficult for us to believe and accept new ideas and make normal and coherent changes. In psychological terms, we call these 'cognitive biases', and there are hundreds of them.

Take an example: How many times have you heard someone saying, “But isn't this just so obvious?” Indeed, how many times have you said this? We say it when we grasp that some request or recommendation you thought you delivered wasn't acted on. This is called the 'Signal Amplification Bias' and, not to put too fine a point on it, people believe they said a lot more than they did in reality. It explains how most miscommunication occurs. We habitually fail to realise how little we actually communicate with others.

I'm willing to put money on it when I say that you probably see the effects of this hundreds of times a day. You can understand why it happens. You deal with this dozens of times a day. You see how your store is planned, where items are placed, and why, and you work with the processes like payment by credit card, for example, or ordering a customised braai pack for a customer's order.

But for your customers, this may be the first time. Not only that, but their lives outside of your business are probably overwhelmingly filled with too much complexity. “I just don't have the time to figure this all out!” they say to themselves, and then suddenly it all explodes in frustration when one small innocuous spark is lit.

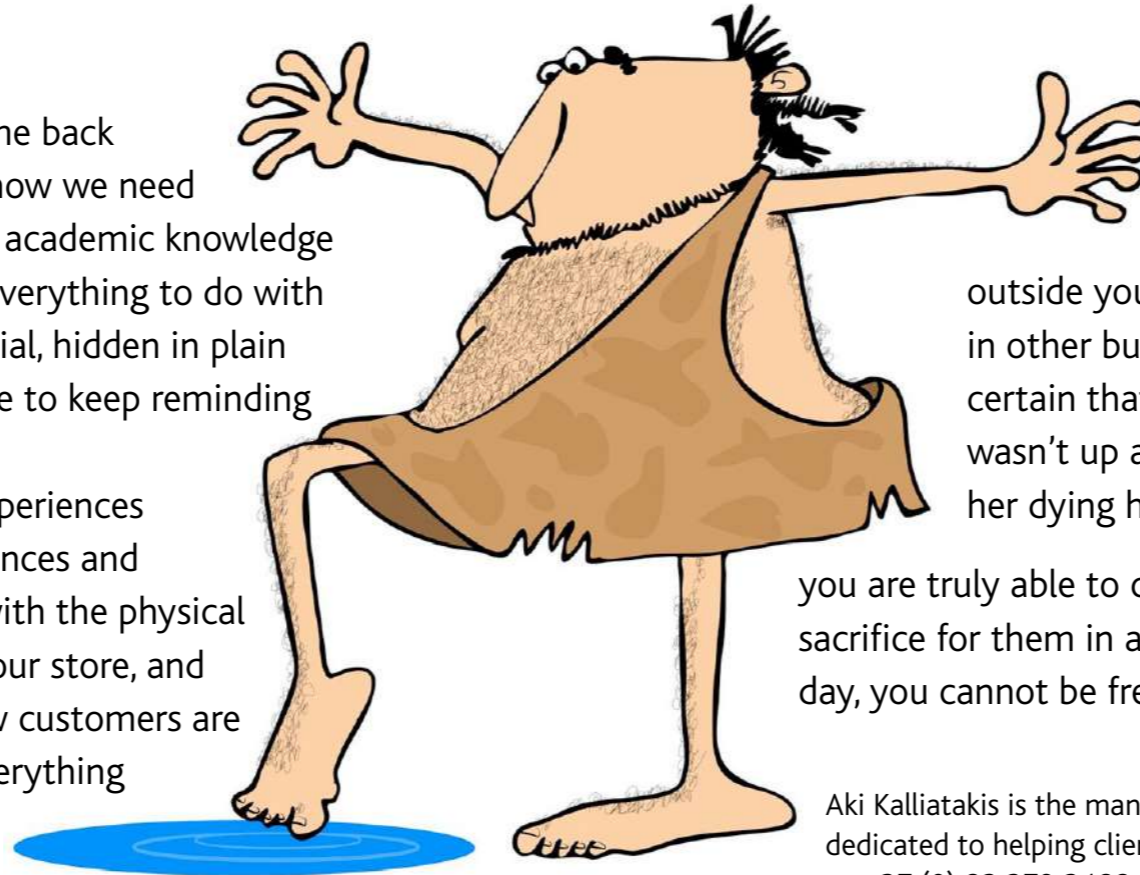


A customer management strategy's entire purpose is to improve the quality of the water – the customers' experiences. You cannot do it in a self-centred way. You need to be aware of the greater context of their lives and listen to and observe the obvious and not so obvious clues they give you about what they need, want and desire.

To end his graduation speech, Wallace came back to the fish-in-water story. He spoke about how we need to value things like our education – not the academic knowledge that we accumulate and regurgitate – but everything to do with simple awareness of what is real and essential, hidden in plain sight all around us, all the time, and we have to keep reminding ourselves over and over: “This is water.”

I’d translate that thought for customer experiences this way: The real value of customer experiences and customer care have almost nothing to do with the physical layout, processes, people and products of your store, and everything to do with the awareness of how customers are essential, how their experiences connect everything around us that makes up the business.

We need to move away from our worship



of ourselves and our businesses and live in the real world of our customers. Unless you know for sure what they experience outside your store, at work, at home, on the roads, and in other businesses, you cannot be free. Unless you are certain that the tired woman who snapped at your staff wasn’t up all night for three nights in a row holding her dying husband’s hand, you cannot be free. Unless you are truly able to care about others, reach out to them, and sacrifice for them in a myriad of petty, and unsexy ways, every day, you cannot be free. **Set yourself free.**

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

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<p><b>Pharmaceutical Hygienic Pallet</b></p>  <p>1200mm x 1000mm x 150mm</p>		<p><b>Aluminium Pallet</b></p>  <p>1200mm x 1000mm x 150mm</p>							

# The braai nation

## Economic and environmental impacts on the butchery and braai sector

South Africa is a nation of meat-eaters, and the country's braai culture is strong. As such, the quality of local meat and butchery products is incredibly high and consumers are both discerning and knowledgeable.

Local consumers have traditionally relied on red meat as their main source of protein, and it plays a significant role in celebration day meals as a special part of the menu.

However, the cost for meat producers has been rising, impacting on the end price for consumers and pushing many cuts out of reach of shoppers who are still struggling to recover from the economic blows dealt by the Covid-19 pandemic. With the Ukraine-Russia war continuing to drive up energy, fertiliser and fuel prices, the cost of maize and other grains used to feed meat animals rising as availability falls, and everything from farming to transport and packaging costing more, what does the future hold?

### Pressure points and market drivers

A collection of challenges. According to the Red Meat Industry Forum (RMIF), local meat producers are facing several challenges.

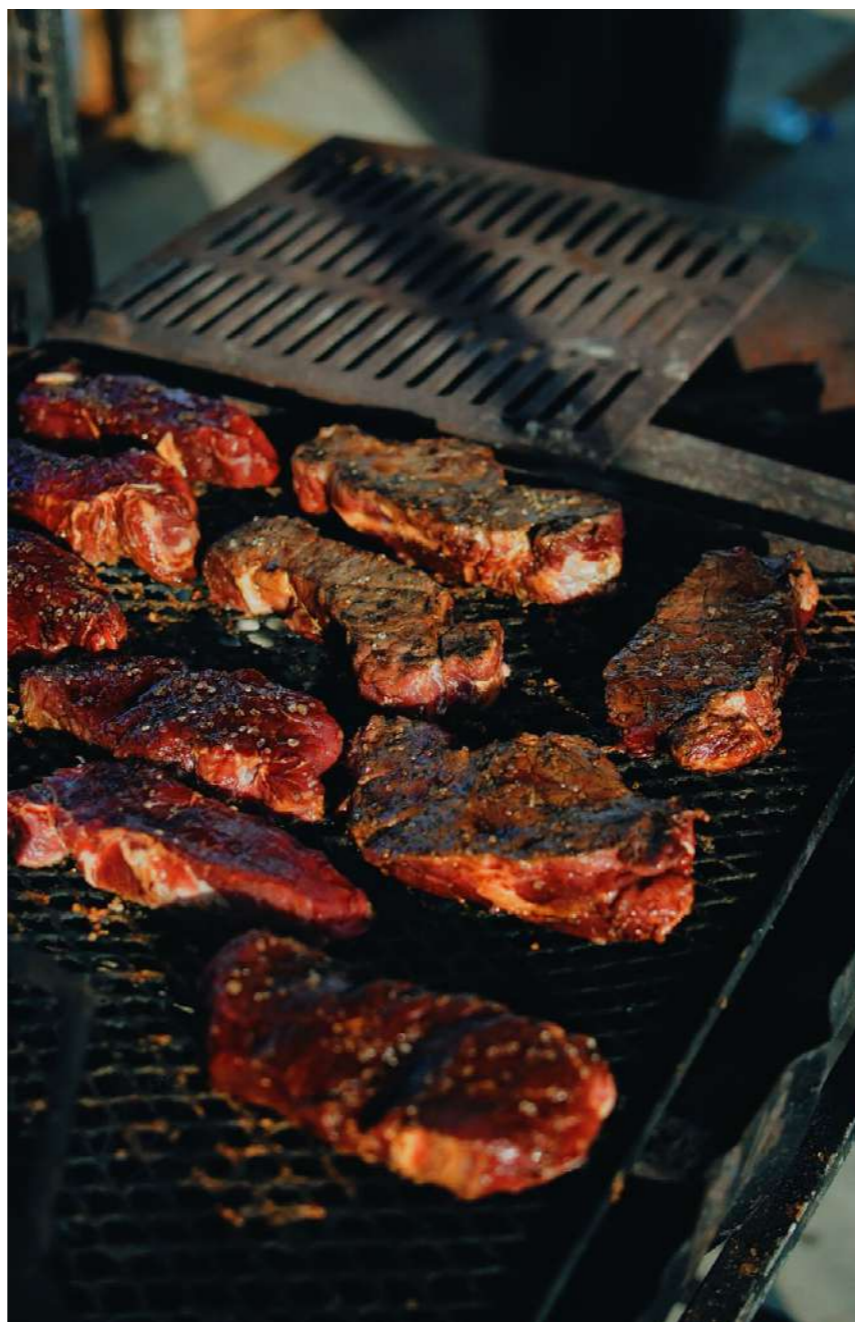


Image courtesy of Desativado, Pexels

This includes the ongoing outbreak of foot and mouth disease in several provinces, the effect of load shedding on processing plants, economic pressure affecting consumer behaviour, grain insecurity, rising interest rates, and the other factors mentioned above. It's a lot, and the effect on the market is clear.

Supply and demand. In their Agri Trends: Livestock Report for Red Meat, Absa's Abrie Rautenbach, Marlene Louw, and Nkhensani Mashimbyi note that while Class A beef carcass prices have remained stable at over R60 per kg, Class C prices have come down somewhat. Constrained supply is keeping these prices from dropping further. Mutton prices are about 8% higher compared to June 2022, while lamb and feeder lamb prices remain stable due to demand and constrained supply. Pork, on the other hand, is about 5.8% lower than they were a year ago. This is due to increased supply and decreased export demand. Interestingly, poultry prices remain firm as local demand increases due to consumers looking for affordable meat protein alternatives. In general, analysts expect these trends to stay on course.



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**Global growth drivers**

- Despite the shift to plant-based or flexitarian eating, there is increasing demand for animal-based food, according to a Meat Market report from Meticulous Research. Protein-rich diets and functional meat products are driving this demand and the growth of the global meat market.
- Based on product type, the global meat market is segmented into processed meat and fresh meat. The processed meat segment is expected to account for the larger share of the global meat market in 2022. The large share of this segment is mainly attributed to factors such as its ease of use, high availability, shelf life, and increasing demand for ready-to-cook food products due to busy lifestyles. Also, the growing urbanisation and increasing per capita income among millennials is further expected to boost the growth of the processed meat market during the forecast period of 2022-2029 (Meat Market Report, July 2022).

**Local is lekker**

**South African butcheries remain resilient, for the most part**

According to the most recent Cleaver Awards, despite the challenges, many local butchers are retaining the quality and adaptability they are known for. "With lockdowns, changes in demand, and shifts in consumer behaviour, our butcheries have had to become increasingly agile, in some instances transforming their approaches and accommodating new ways of doing business.



Forsmay Muslim Butchery in Fordsburg, Johannesburg, was named as a Gold winner in this year's Cleaver Awards. They are committed to hygiene and cleanliness. Their staff uniforms are given number one priority, with an allocated HACCP supplier collecting staff uniforms for deep cleaning and a uniform swop every week.

And even though many were hit hard due to the pandemic, these Cleaver Awards confirm that South African butcheries are still very much worth their beef," says Dewald Olivier, Executive Officer of The South African Feedlot Association (SAFA).

Forsmay Muslim Butchery in Fordsburg, Johannesburg, was named as a Gold winner in this year's Cleaver Awards, whilst Delft Butchery and Deli received a Platinum award. A Red Meat Industry Forum initiative, these awards are held annually to recognise the country's best butcheries based on quality, service, hygiene, and value for



money. Forsmay Muslim Butchery Manager Tosif Ahmed Fazli and Delft Butchery and Deli owner Justin Mosterd share their thoughts on the current market climate.

At Forsmay, Fazli is prepared for prices to keep increasing. He says, "Compared to previous months where there has been a significant rise in costs, we are seeing that prices have somewhat stabilised.

Unfortunately, I think we can expect to see them increase again in the coming months due to the many challenges we are currently facing.”

The challenges have been significant, and some are ongoing. Fazli explains, “The state of the economy and our customers’ financial positions post-Covid-19 have affected the sector. Other factors such as supply and demand, the livestock slaughter numbers being lower than previous years, exporting of beef and lamb, rampant inflation, global food shortages, climate change resulting in droughts and floods, the impact of the war in Ukraine, escalation in fuel prices, supply chain disruptions, a rise in unemployment, and the national load shedding crisis have all contributed to the increase in meat prices.”

Mosterd agrees, and he thinks there will be ripple effects. He says, “I think we can expect to see some smaller retailers closing their doors in the next year. This is due to the price of raw materials, the cost of power to run these businesses, and the extreme cost of back power needed to survive. Currently the price of all meat, red and white, is high. This is unavoidable due to the rising costs of feed, transport, and increased labour rates. Consumers do understand this, but in return they want great quality for what they are paying good money for.”

**Consumer habits driven by economic challenges**

The rising cost of meat products has had a significant effect on consumers, with Fazli noting that their customers are buying less meat than usual, while focusing on necessities and

Delft Butchery and Deli received a Platinum award in the 2022 Cleaver Awards. These awards are held annually to recognise the country’s best butcheries based on quality, service, hygiene, and value for money.



Established in 1993, Delft is situated in Randpark Ridge, Johannesburg. This upmarket butchery and deli is “for the food connoisseur, we pride ourselves on friendly service, customer satisfaction, and high-quality products.”



significantly reducing luxury items like prime cuts. Less expensive cuts are becoming more popular, as are processed products such as mince, as these stretch further than an actual cut of lamb or beef. He says they have seen a shift in their customers’ buying patterns. “Quite a number of our customers no longer eat meat on a daily basis as it is simply too expensive.”

Delft Butchery has seen a shift as well, with Mosterd saying, “We are seeing that consumers are shopping with care and watching what they spend. Portions are becoming smaller, particularly the ratio of meat to carbs on plates, and customers are looking for bulk deals and specials more regularly.” He adds, “Fewer prime cuts are being sold to the

average consumer, who are instead choosing more affordable options like mince or stew products that can be extended with sauces and starches.”

Bulk buying and promotional opportunities are becoming more important for many consumers when making a meat purchase.

To both incentivise and support their customers, Forsmay Muslim Butchery has its own loyalty programme that gives their customers a cashback on their purchases. They also use value added deals such as bulk buying and run monthly specials to encourage purchases. Fazli adds, “People are looking for easy options like our marinated products as these are cost effective and save time.”

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This sentiment is certainly not shared by all consumers, however. Mosterd says ...

“During Covid there was a rise in interesting and unique cuts and seasonings. Restaurants were closed and people were watching the cooking channel at home and experimenting with their meals. This has certainly slowed down and we are back to people wanting more basic cuts.”

“In addition to this, while there are still some consumers that like ready-made and pre-marinated products, there is a growing trend of consumers wanting to know exactly what goes into their meals due to things like potential allergens and diseases that have been increasing over the last few years. Our customers are starting to look away from the pre-packed value-added lines and are more aware of things like sugar content and additives in some of the marinades and sauces.” Mosterd explains ...

“Like other retailers, however, Delft Butchery and Deli is moving with the times and making changes based on what the customer wants. “We are adapting the pre-packed sizes of portions, adding regular monthly deals, and increasing the number of cooking ideas and cost-effective recipes we share with customers.”



Image courtesy of Pits Riccardo, Pexels

“Globally, there has been a rise in ethical consumption. Consumers want to know where their meat came from, they want it to be grass-fed, free-range, and free of routine antibiotics. Gluten-free sausages and marinade sauces have also become more popular, but this comes at a cost.”

**Meet your meat**

**Ethical, sustainable, unaffordable?**

Globally, there has been a rise in ethical consumption. Consumers want to know where their meat came from, they want it to be grass-fed, free-range, and free of routine antibiotics. Gluten-free sausages and marinade sauces have also become more popular, but this comes at a cost. Mosterd says, “We are seeing interest in these factors, but in reality these products are more expensive to produce and are simply not affordable for the average person to consume.”

Meat-free Monday has gained immense traction globally as people look for healthier food alternatives. Vegan, vegetarian, and even flexitarian diets are on the rise. Paired with the rising cost of

meat, meat-substitutes are becoming mainstream, better priced, the quality has significantly improved and the range on offer has expanded.

In light of this, and consumer education and knowledge, plant-based protein alternatives are becoming more popular. While this hasn’t had the most notable effect on the meat industry – understandable, given the propensity of South Africans to eat meat on a daily basis, as well as the severity of the other challenges affecting the market, it is something to be aware of.

Additionally, the recent decision by The South African Department of Agriculture, Land Reform and Rural Development (DALRRD) to force the removal of any references to ‘meaty’ terms on meat-free alternative product packaging,

does suggest that the industry feels that change is coming, and is perhaps battenning down the hatches.



Image courtesy of Mark Stebnicki, Pexels

### Butchery design

#### Where aesthetic displays meet health, hygiene, and food safety

Butchery specialist Ricky Gomes and Chriselda Kistnasamy, Marketing Manager at store design and fitment specialists TCK Retail Solutions, share the insights they have gleaned after numerous successful butchery designs and store implementations.

Kistnasamy says, "The difference between butchery and any other retail space is the relationship between back of house and front of house. It is essential that the synergy between the two be seamless. Every single step is vital to sales as well as food safety. From how the product enters the back of house and the receiving procedures followed, to the processing, display, and checkout, everything is connected when you are dealing



with a product with a time stamp. When it comes to the butchery, you have one shot to sell. If you fail, you end up with a rotten product that can end up costing you money. It is imperative that you create the most pleasant experience possible for your customer. Think wider aisles, enough queuing space, and easy pick up and go options, which will increase sales, encourage fast movement, and decrease any health and safety issues.

"Stack 'em high and watch them fly" is the motto to live by, according to Gomes. "Displaying a quality product that is clearly labelled and well-priced makes life easy for the customer, as they can simply pick up and go. This also ensures the freshest product goes out the fastest. In conjunction with this, it is vital that your

refrigeration system and units are functioning at optimised levels to ensure a safe and fresh meat product. This is vital – optimised equipment is everything in a butchery." Kistnasamy adds ...

“Remember the customer buys with their eyes first. If a product looks dull and grey, it will not sell. In addition to mandatory safety standards and protective action, products being merchandised in the correct manner is essential. The 'cherry on top' when it comes to display is lighting. It can highlight every streak of fat or curve in a bone, which is a good thing. The fact is, customers are more inclined to buy a good-looking product.”

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Trends to watch

- Meats from animals that are grain- or grass fed and free-range, that are lower in fat and higher in lean muscle, are gaining popularity as consumers become more health conscious and more adventurous. This means meats such as ostrich and venison are appearing more regularly on retailers’ shelves.



- Laboratory-grown meat products are a baffling concept, and yet recent successes in this field suggest we could see this reality on plates, in South Africa, before much longer. Whether

demand can ensure a cost point that is affordable remains to be seen, but it is certainly something to consider in a country where the braai is king.

- Value-added offerings for the braai, such as ready-prepared meat with innovative seasoning and marinade flavours, save time and can save money, too. For retailers, having a one-stop butchery and braai experience is crucial for getting the feet of time-strapped consumers into your store.
- Meat snacks, high protein offerings for specific eating plans and appealing flavour combinations that will attract newly-taste savvy consumers, are an important component of your butchery section.

Image courtesy of Jimmy Chan, Pexels



- In addition to this, recipes, demonstrations, and even tastings do not go amiss. This can include sides and vegetable dishes that complement different meats.



At the butchery, consumer interaction is key. It means being available to give advice on the cuts that are in stock, cooking and serving suggestions, as well as proper information on the preparation of meats, especially for cheaper cuts that may turn out very tough or unappetising if not correctly prepared. Consumers want recommendations, and warm, friendly service. Your butchery is a drawcard and a destination shop – keep your customers happy in this department and they will keep coming back for more. **SR**

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# 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**



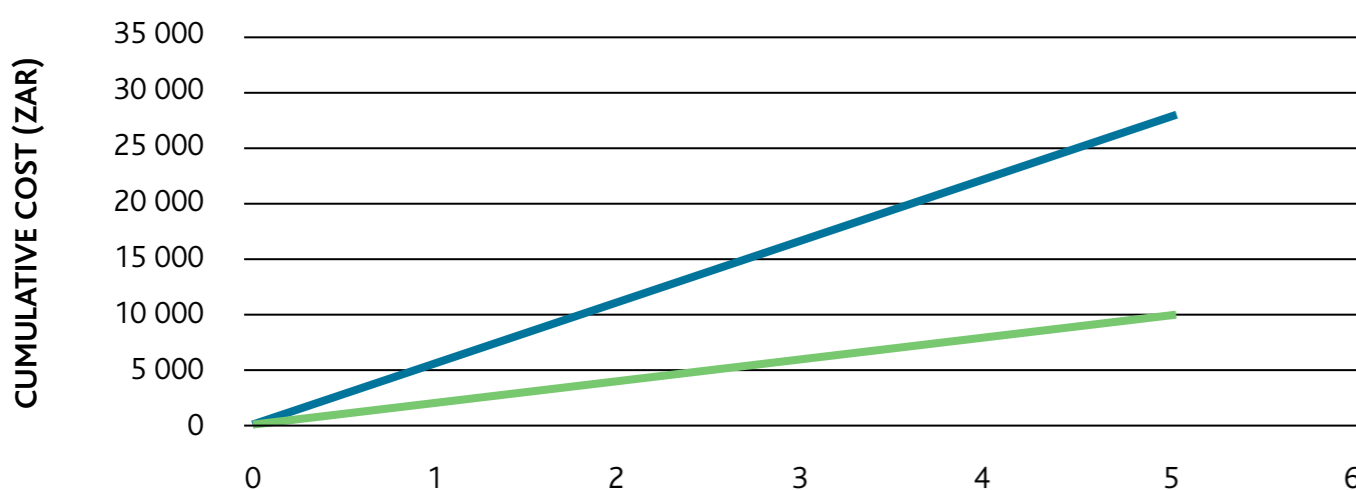
# CASE CLOSED

## 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

# A glass half full?

## Dairy, Cheese and Ice Cream ... a mixed bag of results

According to a report from the South African Milk Processors' Organisation (SAMPRO), Summary of Key Market Signals for the Dairy Industry, November 2021), "low levels of volatility of the dairy price index (the difference between the highest and lowest price index in a year) in 2019, 2020, and in January to November 2021 are indicative that the supply of and demand for dairy products in the international market remained high, amid changing circumstances."

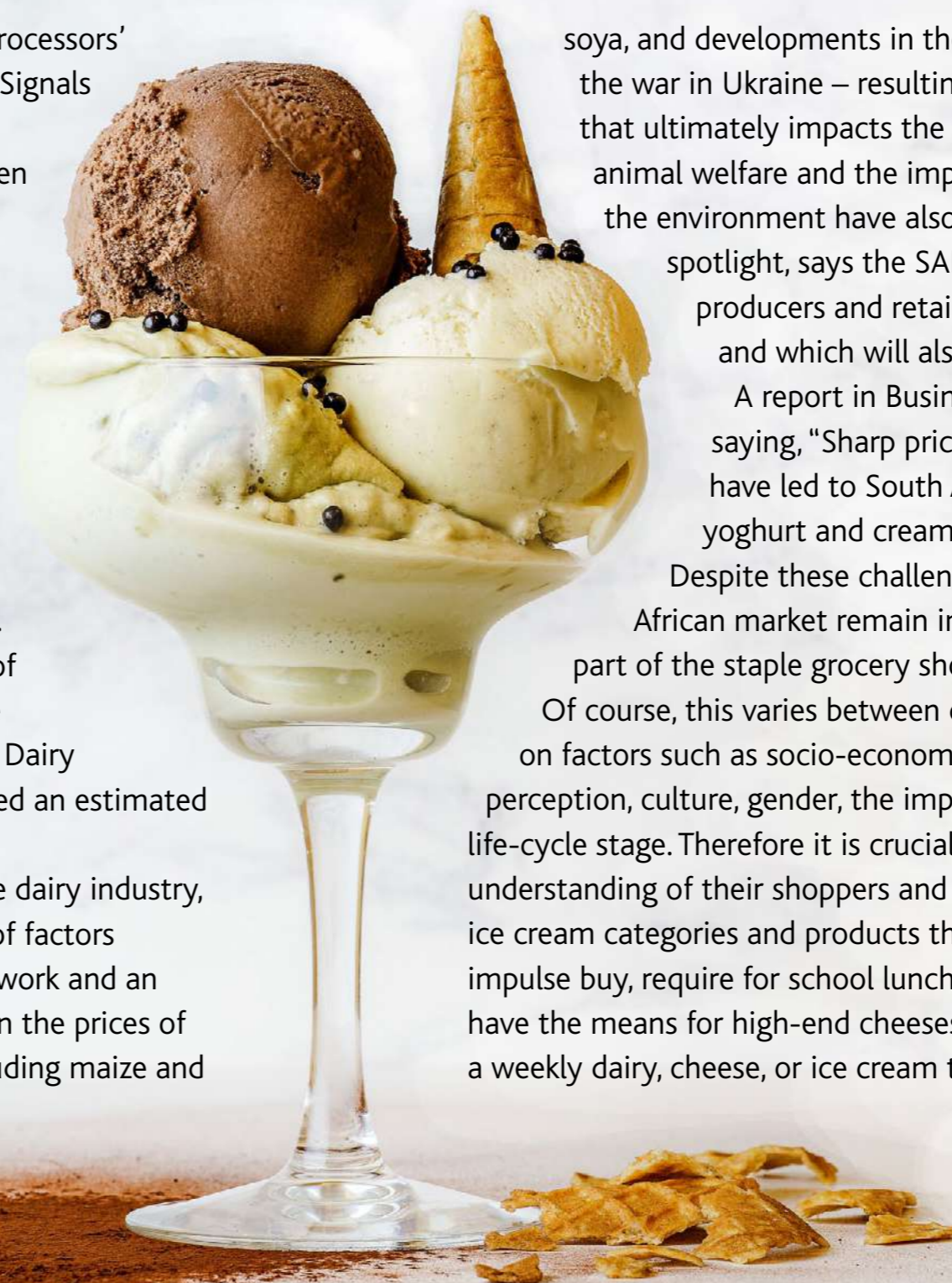
This viewpoint is backed up by a report from Mordor Intelligence which says the Covid-19 pandemic significantly affected the dairy market. "There was a change in the buying behaviour of consumers as the demand for dairy products increased. During 2020/2021 FY, the out-of-home consumption of dairy products declined, but the growth in the in-home consumption of dairy products was high." According to Dairy Global, Lactalis, a huge player in this market, experienced an estimated growth of 5.9% in sales during FY 2021.

However, towards the end of 2021 and into 2022, the dairy industry, like many others, has been confronted by a multitude of factors (the 'ending' of the pandemic, consumers returning to work and an increase of out of home dairy consumption, increases in the prices of important inputs such as fuel, energy, animal feed including maize and

soya, and developments in the international market such as the war in Ukraine – resulting in dairy product price increases that ultimately impacts the end consumer. Animal health, animal welfare and the impact of the dairy industry on the environment have also increasingly come under the spotlight, says the SAMPRO report, which dairy producers and retailers must take into consideration, and which will also impact on cost.

A report in Business Insider corroborates this view, saying, "Sharp price increases in ... dairy products have led to South Africans consuming less milk ... yoghurt and cream cheese."

Despite these challenges, dairy products in the South African market remain immensely popular and form part of the staple grocery shop for millions of South Africans. Of course, this varies between consumer segments –depending on factors such as socio-economic status, personality, brand perception, culture, gender, the importance of health, age and life-cycle stage. Therefore it is crucial for each store to have a deep understanding of their shoppers and in which dairy, cheese and/or ice cream categories and products they will be willing to experiment, impulse buy, require for school lunches, look for a specific pack size, have the means for high-end cheeses on each shopping trip, or want a weekly dairy, cheese, or ice cream treat.





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The rising number of variants in dairy products provides consumers with increased on-shelf/on-leaflet brand exposure, which increases interest in these products and willingness to 'buy and try'.

The Mordor Intelligence report says the market overview going forward looks positive. Their report on the local dairy-based beverage market says, "The African dairy-based beverages market is projected to register a CAGR of 3.6% during the forecast period. Consumers are becoming increasingly health-conscious, especially the younger generation, driving a forceful demand for functional beverages to meet their needs. The market is mainly driven by the value of nutrition and functional properties of milk and the rising demand for probiotic drinks by health-conscious consumers.

“ Food manufacturers are focusing more on functional and probiotic drinks, which offer additional health benefits compared to standard milk. Omega-3, fibres, bioactive compounds, and phytosterol are some of the functional components added to the dairy beverages. ”

People generally prefer dairy products in their diet because consuming [dairy] provides strength and helps build and maintain strong bones.”

The rise of dairy alternatives, a call for more ethical and sustainable products, and healthy and mindful eating practices as consumers search for ways to optimise health and well-being are also impacting the dairy market.



## Milk

Local milk production is up, and consumption remains steady in most sectors. Overall, despite tough economic times and unexpected challenges, the outlook is good and moderate growth is expected. According to the Western Cape Government, "While the number of producers in South Africa has declined by 46% from January 2015 to January 2022, milk production has increased by 7.2%. This indicates increased output per cow and significantly greater numbers of cows per producer, to name but a few reasons."

They also noted, "Of the more than 1 million tonnes of milk produced in the Western Cape, 62% is sold in the liquid form as fresh, flavoured, or long-life milk. The remaining 38% is processed into concentrated products such as custard, yoghurt, and a great variety of cheeses, amongst other products. As a result, dairy product value-add plays a significant role in sustainable job creation."

South Africans, it seems, are proud consumers of milk. The Milk Producer's Organisation says, "In 2021, the South African dairy products market was divided into approximately 61,6% liquid products and 38,4% concentrated products. Pasteurised liquid milk and UHT processed milk were the major liquid products, with hard cheese the main concentrated product."

The Lacto Data Report dated May 2022 is a Milk South Africa (Milk SA) publication compiled by the Milk Producers' Organisation. It gives a comprehensive overview of the local and global markets, with a strong focus on past performance and future predictions within the local market.

The report says, "In 2021, unprocessed milk production decreased in line with reduced sales quantities of dairy products at retail level. The change in the severity of different lockdown levels introduced changes in consumer behaviour regarding product mix bought and the quantity of products purchased."

This behaviour was also affected by the continued and increasing economic challenges being faced by local consumers. The report continues with a frank look at the challenges.



“The growth in the intake of unprocessed milk for 2021 was subdued, due to lower retail sales quantities experienced during 2021, farm economics being under pressure, and adverse climatic conditions prevailing over certain parts of South Africa. The cost-price squeeze farmers experienced, due to high levels of grain prices (yellow maize and soya), deepened the level of negative farm economics.”

# Ice cream

## Ice cream stands firm as nostalgia and innovation win big

The ice cream market is “booming across the globe”, says Market Watch. And according to MarketResearch.com, the South African ice cream market experienced a compound annual growth rate (CAGR) of 9.4% between 2015 and 2019. The report adds ...



Image courtesy of Saltandsons

“ Market consumption volume increased with a CAGR of 5% between 2015 and 2019, to reach a total of 60.4 million kilograms in 2019. Rapid urbanization and changing consumer lifestyle are the factors supporting the market growth. ”

In their report on bulk and take-home products, the take-home and bulk ice cream market “registered a positive CAGR of 9.76% during the period 2015 to 2020, with a sales value increase of 11.00% over 2019. Rapid urbanization and changing consumer lifestyle are the factors supporting the market growth.”

A combination of innovation and nostalgia is driving new product launches in the Ice Cream category. In South Africa, Cadbury launched three new ice cream flavours based on nostalgic favourites, namely Crunchie Blast; Flake 99; and Dairy Milk. Magnum UK launched a vegan Magnum. In the US, Jenni’s launched Frosé, a rosé-based boozy sorbet for grown-ups.

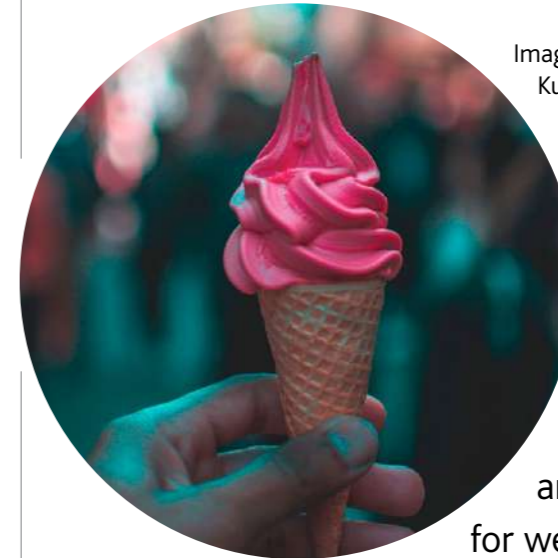


Image courtesy of Kumaran, Pexels

Craft producers such as Paul’s Homemade Ice Cream prove that consumers are willing to pay for well-crafted gourmet

ice cream that is innovative in terms of presentation and flavour.

From Eid crescent moon cakes (a pistachio & gulab jamun ice cream cake) to the vanilla bean mocha frappé flavour of the month, Paul’s shows just how versatile and exciting the ice cream category can be.

According to a report from Euromonitor, bulk dairy ice cream remains the largest category due to the value for money and variety it offers consumers.

There is strong brand and private label presence in Ice Cream, adding to already intense competition in this category.



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# Frozen yoghurt

Renewed interest in frozen yoghurt with many new product launches

Famous Brands bought the Wakaberry Frozen Yoghurt Bar franchise a few years ago and saw great success with their frozen yoghurt in South Africa. This brand was particularly popular with tweens who could now serve themselves frozen yoghurt from a soft-serve machine and top it with toppings like candy, nuts, and various sauces.



Image courtesy of Wolfram, Pexels



Image courtesy of Nastyasensei, Pexels

# Cheese

Market Research says the cheese market in South Africa registered a positive compound annual growth rate (CAGR) of 9.04% during the period 2015 to 2020, with an increase of 15.70% over 2019. The market achieved its strongest performance in 2020, when it grew by 15.70% over its previous year.

According to News Channel Nebraska, the Global Processed Cheese market is anticipated to rise at a considerable rate during the forecast period, between 2022 and 2028.

Competition in the local Cheese category is stiff, with excellent high-end offerings across formal retail, and highly competitive pricing in the daily-

use, value-for-money popular favourites such as Cheddar, Gouda, and Mozzarella

According to Rediscover Dairy, "Cheddar, Gouda and Mozzarella dominate the everyday cheese market. Manufacturers have historically prioritised these cheeses owing to their commercial popularity, both in the food service and retail sectors."



"Cottage or cream cheese and feta cheese are becoming increasingly popular, indicating a shift in consumer focus. However, this shift has not negatively affected the Cheddar and Gouda markets."

Artisanal cheeses are also finding a firm footing with South African consumers. According to The Mousetrap, "Just a few decades ago South Africans didn't expect to find much more than basic cheddars and goudas in shops across the country."





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## 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
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- Solution for new cabinets or retro fitted on existing cabinets
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## Current and upcoming Dairy, Cheese and Ice Cream trends

- Consumers are very interested in foods that claim to help or heal the body, boost the immune system, improve gut health, or those that contain added vitamins and minerals. The most obvious of these is the calcium as well as probiotics in yoghurt and yoghurt drinks. The Mordor Intelligence report titled Africa dairy-based beverages market – Growth, trends, covid-19 impact, and forecasts (2022 – 2027) states, “Consumers perceive fermented products as healthy products as they aid in the control of intestinal diseases. Africa has well-established markets for fortified food items and fermented dairy products. Changing consumer lifestyles, rising healthcare expenditure, and growth of the retail sector are playing a vital role in the growth of the probiotic drinks market.”

- Clean eating, which includes sustainable farming practices as well as low-fat and fat-free options, low-calorie substitutes, high protein treats, and lactose-free alternatives are of interest to consumers looking for what they perceive to be healthier or more environmentally friendly options. Local giant Lancewood recently launched a double cream Lactose-Free Tropical Fruit Yoghurt, ideal for consumers who want full fat dairy, as well as lactose-sensitive or intolerant customers. Shereen Anderhold, Lancewood’s marketing manager, says “Consumers are constantly looking for new and delicious ways to spoil themselves. With our expanding yoghurt range, we strive to offer the perfect flavour for every moment to meet various consumer demands.”

- Flavoured milk-based drinks are growing in popularity globally. Closer to home, UltraMel recently launched full fat milkshakes in chocolate, strawberry, and vanilla. For players already in the market, coffee- or tea-based milk drinks, as well as innovative new flavours (Woolworths also recently launched a Chuckles-based malt and chocolate milkshake) and interesting taste combinations, are a good way to attract consumers.

- Convenience is king for many consumers. Grated, sliced, bite-size, wedges – anything that saves time and makes life easier is in demand. Snack options, particularly now schools are back, and many consumers are either back in the office full-time or as part of a hybrid system, are also in greater demand.



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- Dairy-free and plant-based alternatives. As the number of lactose-intolerant consumers increases, so too do the number of dairy-free consumers. This can be for various reasons, including health, environmental and ethical concerns.



- Artisanal, gourmet, decadent options are, for the upper LSM market, still highly intriguing. This is particularly true in the ice cream category. Novelty, limited-edition, and unique flavours are popular.

● Artisanal cheeses present significant opportunities. For the most part, artisanal cheeses are relatively cost-effective. When compared to commercial cheese processors, artisanal operations require a much less intensive equipment set-up, use fewer raw materials, and are entirely locally processed. In addition to these factors, consumers are inclined to support local and proudly South African products, particularly if they are also labelled as natural or organic. Locally produced artisanal cheeses present an intriguing opportunity for retailers as a niche or speciality product. Due to increased freight and import costs, as well as soaring fuel prices impacting the cost of imported cheeses, many local products are likely to be significantly cheaper – another selling point for increasingly constrained consumers.



Overall, these categories have proved to be surprisingly resilient, weathering the Covid-19 storm with agility and tenacity. Despite the many challenges dairy and dairy product face, sales appear to be remaining firm. Although the industry itself has several difficulties to surmount, not least the effects of climate change and the current economic downturn, Dairy, Ice Cream and Cheese look set to be with us for the very long run. **SR**



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# The writing's on the wall

## Insights, trends and into the future with Stationery, Back to School and Office Supplies

**A**fter a period of upheaval, work and school life is still settling into the new normal. The good news is that despite a downturn during the Covid-19 pandemic, revised market reports are expecting strong growth throughout the category and at a global level.

Market research agrees that the sector will continue to grow. According to research company Market Watch, the Global Stationery market is anticipated to rise at a considerable rate between 2022 and 2027. This is corroborated by data from Researchandmarkets.com, which says the global office stationery and supplies market is expected to reach US\$172.2 billion (almost R3 trillion) by 2027. Their analysis suggests growth at a compound annual growth rate (CAGR) of 1.5% over the period 2020-2027.

Africa is one of the regions expecting good growth. As demand grows in these areas, manufacturers and suppliers are opening channels for increased retail prospects. In developing countries such as South Africa, there is also still a high call for traditional office and stationery supplies, such as paper products, writing instruments, school and home stationery, and arts and crafts supplies.



Image courtesy of Olya Kobruseva, Pexels

for a 27.2% share of the global office stationery and supplies market. It's a relatively small increase, but positive, given the current challenges.

### **Remote working and multiple workspaces spur growth in stationery and office supplies**

Stationery and office supplies are seeing unexpected new opportunities thanks to a new way of working, with shared resources and multiple work zones at the fore of these changes. Working from home has resulted in an increased demand for printers, laptops, standalone desks, headphones, monitors, chairs, keyboards, and device mounting equipment. Home-based and hybrid work situations require stationery and office supplies, which in many instances means stationery items are doubled up.

### **How IT and technology are impacting the stationery and office supplies category**

The growth in IT – computers, printers, toners, and affiliated supplies – is a driving factor in office supplies growth. Computer and printer supplies were analysed as part of a Researchandmarkets.com report, which states the category is “projected



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to grow at a 2.2% CAGR to reach US\$49.7 billion by the end of the analysis period.” This is about R830 billion globally. News Bites, a website sponsored by The Hong Kong Trade Development Council (HKTDC), believes the effect of technology on stationery and office supplies cannot be understated.

In an article on the latest trends in this category, they explain, “The widespread use of computers, smartphones and tablets has increased sales of IT-related products. Developments in technology have also affected the traditional stationery business. Computerised electronic devices enable paperless work and provide digital methods for documenting and storing information. The rise of electronic communication forms such as e-mail has also reduced demand for traditional stationery products. Responding to this trend, manufacturers have begun looking to market traditional stationery as gifts or luxury items, offering unique designs with stylish alternatives.”

**Online sales make a surprising impact on traditional tools**

Both brick and mortar stores and retailers in the online space are reaping the rewards of online shopping. Consumers, delighting in access to a huge variety of stationery, tools, and supplies, are indulging in some intriguing purchasing habits. From the highest-quality writing implements, including fountain pens and calligraphy sets, notebooks and journals that mirror the consumer’s personality, to niche arts and craft tools and

supplies, and extravagant gifts – online shopping is going from strength to strength. For small to mid-size offices and home set-ups, online ordering and delivery is a big plus. Additionally, bulk purchases can attract some savings – although many stores are having to put limits on certain paper products as prices soar and supply remains strained and uncertain.

**Stationery gurus**

**Freedom Stationery**

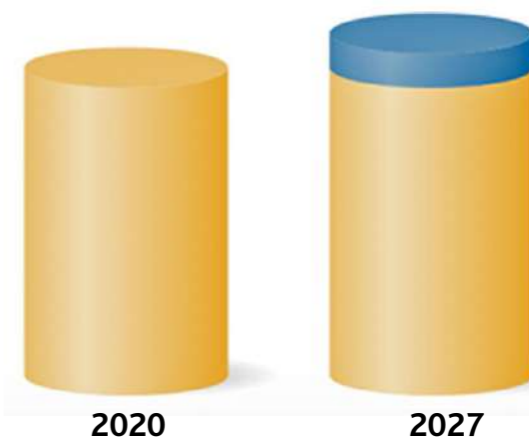
Local and proudly South African company Freedom Stationery is the largest producer of stationery and scholastic supplies in Southern Africa.



Image courtesy of Anton Sukhinov, Unsplash

**Global market for office stationery & supplies**

Market forecast to grow at CAGR of 1.5%  
 U\$D 155 Billion      U\$D 172.2 Billion



Researchandmarkets.com

With first-world production facilities and capacity they provide a wide range of school, household, and office stationery to the South African market. National sales manager Mervin Govindan explains the current A4 copy paper situation. “The international pulp shortage is not new,” he says. “Globally, mills were complaining about the pulp shortage as early as August 2021. We source our paper locally, from Mondi, but the floods this year wreaked havoc at the country’s two largest mills. With production grinding to a halt, local producers were forced to source alternative pulp and raw materials from international suppliers. Due to the shortage, this was a costly exercise, and in addition to that the freight costs are just ridiculously high right now.”

As local pipeline issues began to settle, local suppliers recognised an opportunity to increase their costs – not enough to price them above international competitors, but enough to have





an impact on local producers. Added to this is the fact that production levels must rise slowly and steadily to reduce the chance of breakdowns, and it adds up that local supply of A4 copy paper is still compromised. Companies like Freedom Stationery are receiving stock on allocation, which results in retailers having to pass these restrictions on to consumers.

### The Papery

The Papery is a locally based Western Cape business that supplies innovative, quality stationery. With a diverse offering that includes unusual products such as sealing wax sets and Faber-Castell's Pitt Artist Pens, an array of beautiful journals, writing tools, art and craft supplies, the patented MOM and WOW diaries, and an online stationery box subscription, this online store caters to a niche and dedicated market and also provides school and work stationery supplies through its online shop.

Owner Alison Deary has a passion for creative, beautiful, and interesting stationery. In 2011 she developed the MOM diary out of her own need to keep track of her daily planning, along with that of all four of her children. Since then, the MOM diary expanded to include the WOW diary for non-parents who also lead full, busy lives they need to keep track of, and every year the popularity of these diaries grows.

She says, "The MOM diary was started in 2011, followed very closely by the WOW diary. Back then, there were no pretty diaries available, just stock standard bottle green, navy, black and maroon with nothing special inside. By 2018 The Papery was incorporated to include a lot more products than the original diaries." This level of experience and time has given Deary a unique perspective on the category.

The Papery, like everyone else, has been affected by soaring paper costs. "We have had about five increases in the last few months," explains Deary. "We've tried hard to keep our end product prices from increasing too much. At least the increases are worldwide, which means those importing their products are also affected by the price increases, so we are still on an even playing field." It helps that The Papery customers fall into the 7-10 LSM, allowing them to indulge in more discretionary spending. Deary believes that the longevity of stationery is personal. "We were told years ago that everyone would eventually go online, especially the younger generation. And we are seeing that is just not true. People still love to put pen to paper. There is something very therapeutic about it – keeps us present and connected to ourselves."

Stationery gifting – the prettier and more extravagant the better – is also a very big part of the market, particularly for younger consumers.

For Deary, Covid-19 had an unexpectedly positive effect on business. She understands that her customers are driven by seeing stationery that they cannot resist. She adds, "There is possibly also an element of loyalty as consumers have committed to buying local



The Papery offers customers a curated selection of top-quality stationery.



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products since Covid-19 turned the world upside down. And talking about Covid-19, that was a huge growth point for us. Journaling is a form of therapy and a great tool for self-improvement. So many people have been left feeling totally down and out since Covid hit, and many people have been searching for deeper meaning in their lives. That seems to be a huge driver for us.”

When it comes to improving sales and attracting customers, Deary believes that innovation is vital. She says, “Products that solve a problem are a good place to start! Like the MOM and WOW diaries that provide an organisational hub for women who work and wear many other hats, all our products are designed by tapping into our own personal experiences and needs. And then we finish them off by making the covers beautiful, people love that!”

Deary believes it is important for retailers to look further than the bare necessities, or even back to school and home office-based supplies.

She says, “If big retailers want to keep their customers happy, they need to look at what people want. They could start by supporting local manufacturers (like us). A brick-and-mortar shop does not charge a delivery fee like we do, so they can add quite a bit to the wholesale price offered. Marketing and branding are also very important. We market our brands really well. A walk-in client is more likely to want to purchase a brand that they are familiar with.”



One of the biggest new trends identified by Paperworld China is a growing interest in quality domestic brands that use traditional styles and modern designs, known as Guochao.

**Office supplies market trends: sustainability and green stationery**

Market research and consulting company IMARC says, “The growing efforts of various companies to offer sustainable and recycled-based office supplies are positively influencing the market. Apart from this, the wide availability of office supplies through online and offline distribution channels is impelling the market growth.

Additionally, key market players are extensively investing in advertisement campaigns to generate brand awareness and increase their overall sales.

In line with this, they are enhancing their service capabilities through mergers and acquisitions (M&A) to secure office supplies contracts from large buyers.”

**Private label and own-brand supplies**

In their Global Office Supplies Market Outlook report, EMR (Expert Market Research) explains the rising popularity of own-brand stationery. “Large suppliers, such as Staples and Office Depot, have great trust in their self-branded products, due to higher margins, resulting in more profit than other branded products. For example, Staples had 30% revenue in the past few years from these types of branded products and escalated the frequency of the launch of similar products in the market.

Online ordering is providing further impetus to market growth, as customers prefer to buy online due to time and energy efficiency. Companies such as Staples have transferred its investments in the online portal category to make online ordering more convenient for its customers. Amazon Business and eBay have also entered the market due to already existing products on the virtual store that fit into the office supplies category. Suppliers are increasing their service capabilities through the inclusion of non-core office supplies, such as janitorial supplies, technical equipment, and break room supplies.”

## Stationery trends to watch for 2022 and beyond

Paperworld China is a trade fair for stationery, office supplies, hobby, and arts and crafts supplies in Asia. It showcases the latest trends and innovations from a large number of top-tier Chinese brands. China has a rapidly increasing market in this category, mainly driven by younger consumers. One of the biggest new trends identified by Paperworld China is a growing interest in quality domestic brands that use traditional styles and modern designs, known as Guochao. Research shows that, "Among consumers who purchase stylish Chinese brands, over 90% were female and half of them were from the post-1995 generation. The research also shows that 60% of this demographic were from third-tier cities and above."

NewsBites also identifies several trends to watch for. Most notable was technology-driven multi-functional tools, such as the combination of smart pen technology, digital ink, cloud storage, and artificial intelligence (AI) that enables handwriting and drawings on paper to be converted into text and image formats on screens.

Green stationery made from recycled paper, biodegradable pens, and stationery certified by the Forest Stewardship Council (FSC) are all seeing increased demand. Personalised stationery is a popular gift and is becoming quite fashionable – particularly with the popularity of Regency and period shows such as Bridgerton and Persuasion. The market is also seeing increased interest in

Image: Paperworld China



top-quality writing tools. This is due to calligraphy becoming a popular art form again thanks to social media, while the quality and craftsmanship of high-end writing instruments is still used to celebrate certain occasions in business and other formal settings. These tools also lend a certain prestige to those who use them.

Alison Deary from The Papery identifies several current and upcoming trends. "Consumers are looking for new cover designs and material finishes that match world standards. Stationery has become like a fashion accessory. Bullet journaling and artsy journaling is already very popular and is a growing market. Today, where we seem to be so much busier than in previous generations, planning has become an entire industry on its own.

This is creating a market for planners and diaries as well as other products that are used with them."

### Back to school: The biggest promotion in the calendar?

Back to school promotions may be the second biggest promotion in the retail calendar, but they are certainly giving promotion periods like

Easter and Christmas a serious run for their money. Freedom Stationery's National Sales Manager Mervin Govindan says, "Over the last five years, back to school has been the second largest or, for certain retailers, the largest promotion on the promotional calendar."

He goes on to say, "Back to School will be even larger for us this year. We are adaptable and tenacious. We know that we have to incentivise our customers to protect our volume and market share. This year we have some exciting promotions coming up."

Govindan adds, "Consumers have gone through something of a forced mutation as, irrespective of their financial standing, being prepared for school has become an acknowledged reality. It's a priority,

from LSM 1 to 9 – everyone knows they must get through it; they have to make that financial commitment. What we are also seeing is a more staggered approach become the norm over the last five years. The promotional window is much larger, and deals go on for almost two months from mid-Dec to the first week of February. Government, Model C, and private schools are all dealing with different requirements and timelines in terms of scholastic products, but all these consumers are shopping through a list they need to complete by a certain date. We must accommodate everyone, so the promotions go on for longer.”

The team at Freedom Stationery is well aware of the current climate. Many are parents themselves, experiencing the same challenges of hyperinflation and the global recession that consumers are facing. Govindan explains that Freedom Stationery’s mission statement of providing quality, affordable scholastic items means that despite changing conditions and the economic climate, they are moving with the market. Govindan believes the peak of South Africa’s hyperinflation is still coming. In response, the company is ‘playing the long game’ and adjusting their margin expectations to absorb as much of this as possible and avoid passing it on to consumers.

For South African consumers, price is a major concern. Govindan explains that their opening price point strategy with the Marlin range is to provide good-quality items at up to half the price of better known international brands. Instant gratification and instant rewards garnered from loyalty



Among consumers who purchase stylish Chinese brands, over 90% were female and half of them were from the post-1995 generation.

Images:  
Paperworld  
China



programmes have been fantastically effective over the last few years, regardless of LSM, says Govindan. This helps direct their marketing efforts and they ensure they engage with their customers on a level they feel comfortable with, including social and messaging platforms.

Their national footprint includes leading independents, and their range of scholastic and home office supplies position Freedom Stationers as ‘a good choice’. As a locally based manufacturer, they have also collaborated with Grade R and Grade 1 teachers to ensure their products meet educational and developmental demands.

Govindan says, “Our educational charts are very popular. For a while the interest in these died down

as having everything ‘online’ became trendy, but we have seen time and again that certain traditional methods of interaction within the educational space are sometimes more effective. One way or another, for certain core products, the traditional will always come back into favour, and our retailers and customers depend on the availability of those products.” **SR**

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# Food Lover's Market Harvest Place opens to the delight of Kempton Park shoppers



Images by  
Jaime van Aswegen

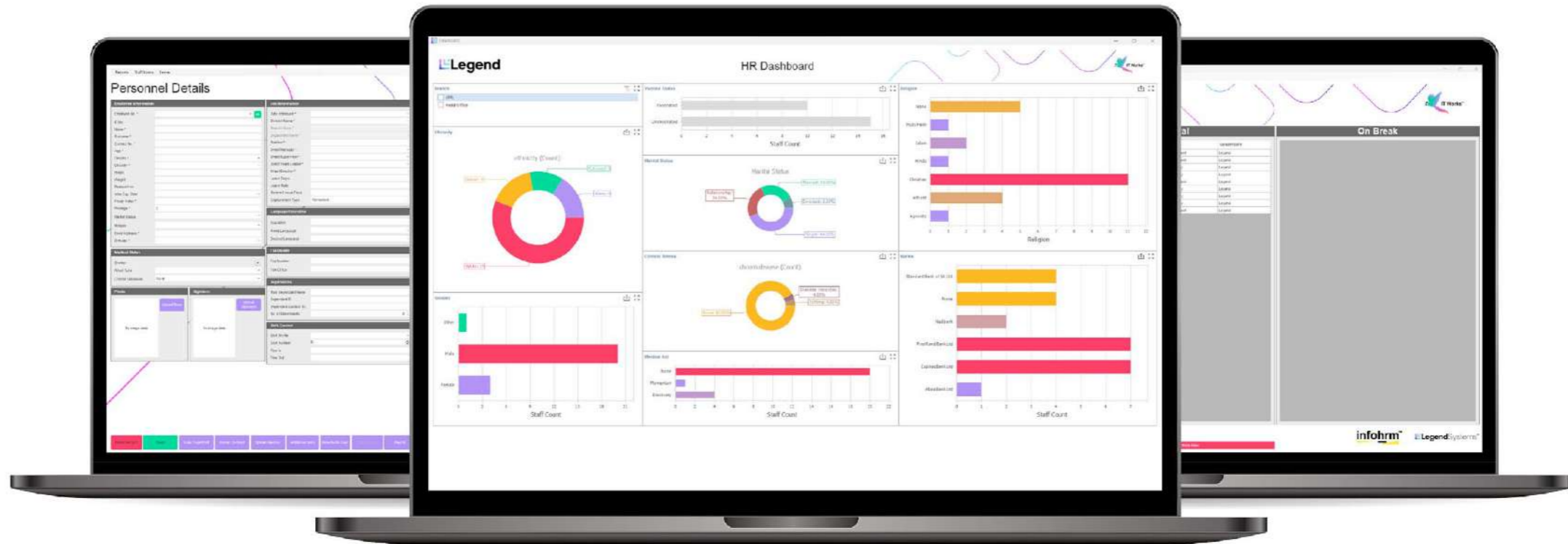
South African's leading fresh produce retailer, Food Lover's Market, has opened a stunning food emporium in Kempton Park's Harvest Place Mall. The store boasts the newest retail design and innovation across its many departments to create a truly unique shopping experience. The high premium on offering the best shopping experience is evident through incredible attention to detail and retail innovation employed throughout the store.

Design enhancements include wider aisles, dedicated food stations dotted around the store and a key focus on unique must-try products for the discerning customer. Departments are designed as dedicated destination areas, offering customers a Theatre-of-Food experience within the supermarket environment.



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Contact us to find out more about HR Support and how it will benefit your business.



This new state of the art store offers customers unique experiences including ...

- A spacious and inviting entrance and widely spaced aisles, which enables a more comfortable – and socially distanced – shopping experience.
- A wide variety of fruit and vegetables, which cater to diverse palettes by also including a range of exotic fruit and veg.
- A large specialist health and wellness section, which includes Chinese Teas and Banting products, as well as dried nuts and fruit.
- A stunning array of Indian spices, which is a must-have for the more creative and inquisitive home chef. Spices include everything from Briyani spices to the much-loved Mother-in-Law spice.
- The Cheese and Deli departments sport a delicious array of dairy and charcuterie items, evoking flavours from around the world.
- The butchery is well-stocked, with a wide variety of fresh meats. Beef lovers will enjoy the big selection of steak and biltong.
- The expanded Groceries section allows for a full 360-degree shopping experience and is a first for Food Lover's Market, boasting electronic tags to read the price of items.
- The bakery offers a mouth watering array of sweet treats and breads. All baked goods are baked on-site and the bread is delivered from the upstairs kitchen.





- The Seafood department offers a wide selection of fresh fish and crustacean options, while the hot foods section provides delicious, fresh fried fish and chips, pizza, pasta and Crispy Chicken.
- The food emporium section will delight with an array of delicious salads and hot foods. At the same time, you can select a meal for lunch or dinner from the pizza, gyros, pies, paninis and sushi stations – all delicious and fresh!

## True Kitchen – a coffee shop with a key focus on fresh, healthy and tasty meal selections:

The True Kitchen, which adjoins the shop, is a chic sit-down coffee shop option for shoppers wanting to grab a quick lunch or pop in for breakfast. The menu caters to all tastes and offers both healthier options, as well as hearty cooked breakfasts, burgers and more.





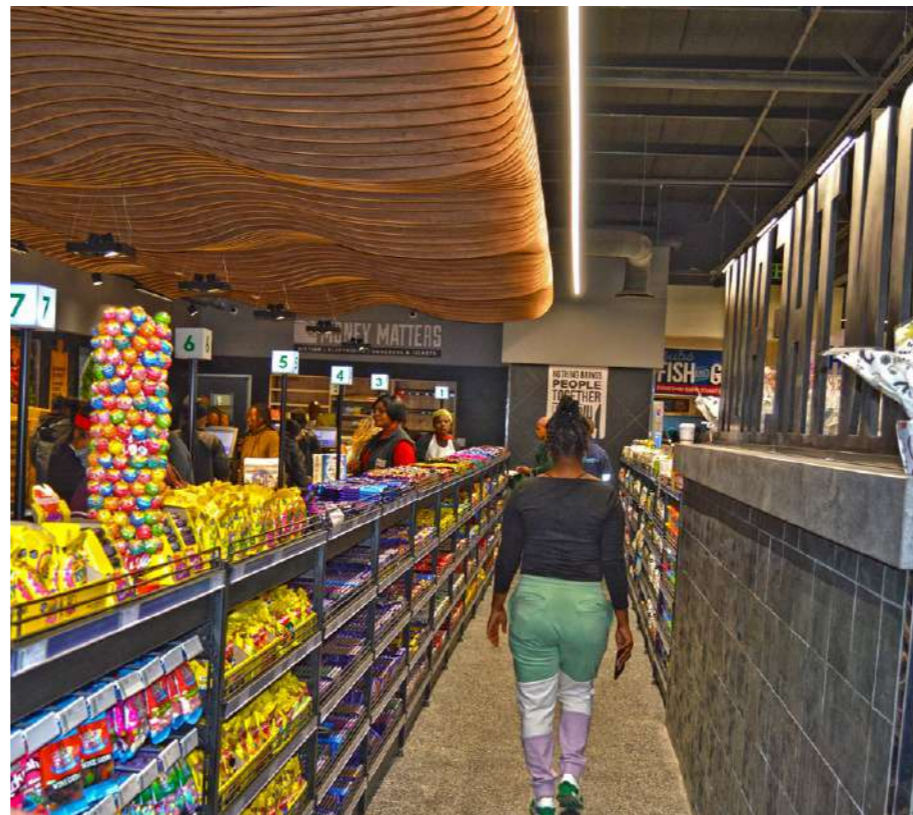
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SR



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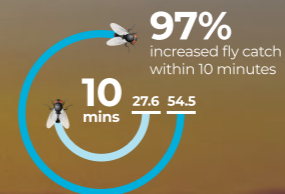
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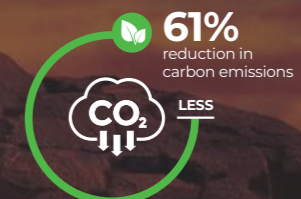
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# Create online offers

## Generate more traffic in your store



By **Arnaud Blanchet**  
Founder and CEO  
of Shop-it

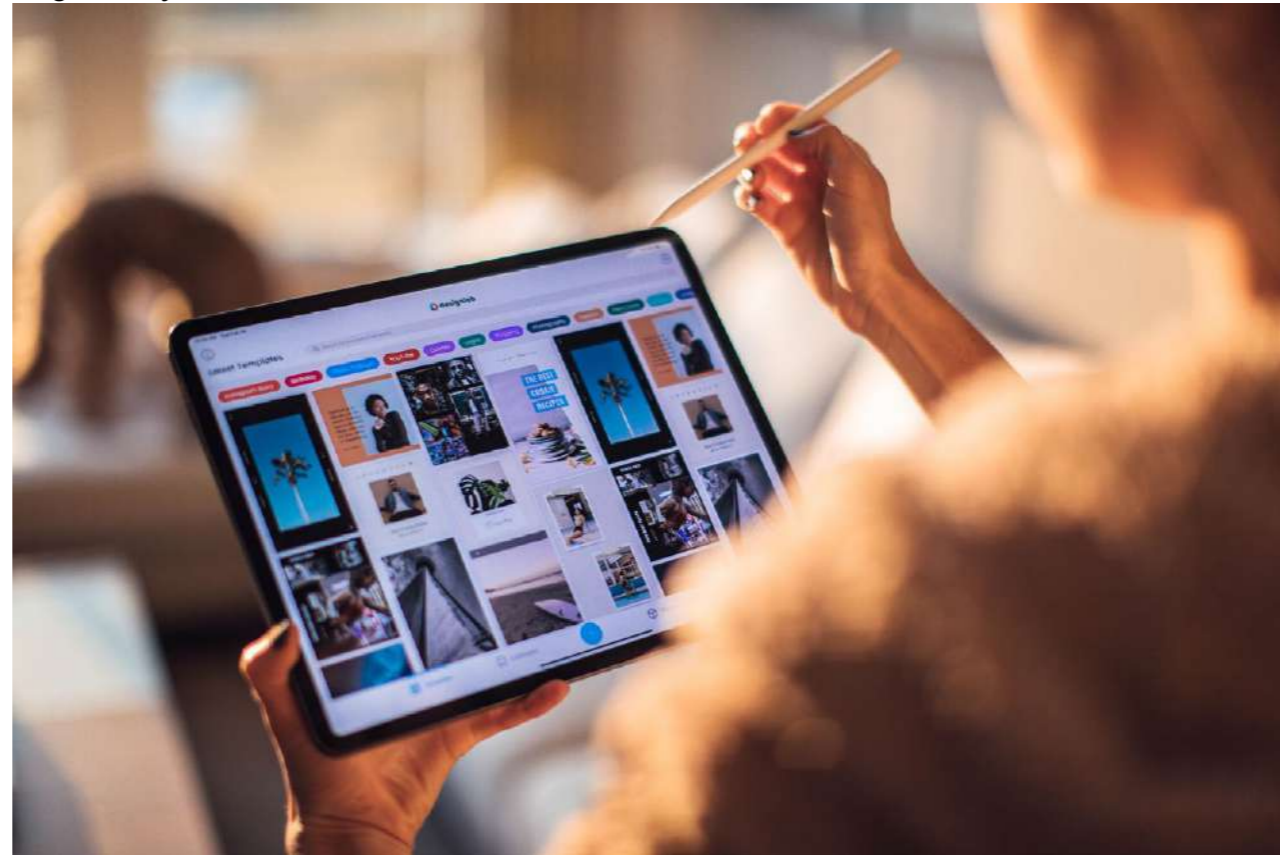
Today, we will explain how to drive your community from your social media accounts to your store tills!

In our previous articles this year, we explained how to set up social media accounts for your stores and how to create simple content in order to be visible online and attract new potential customers. By now, you should have a Facebook page, a WhatsApp account and a Google My Business account for your wholesale or retail store and you should have started to create content that you share on these accounts. If you are not there yet, have a look at the articles on these subject in the back issues of Supermarket & Retailer.

Those steps were just the beginning of your digital marketing strategy. Now that you started building an online community for your business, it's time to direct your followers to your stores and generate sales.

We previously said that 56% of internet users in South Africa say that their purchases are influenced by social media. Therefore, creating online offers that stand out is key to attract new customers. In this article, we share practical tips and examples

Image courtesy of Roberto Nickson, Pexels



Of course, they are looking for practical information, like your opening hours, or your store addresses but, more importantly, they are interested in what you sell and the deals you offer. Followers are what marketers call 'qualified target' or 'warm leads'. In other words, they could easily become customers.

to create online offers that generate traffic in your store and convert your social media followers in customers!

### Your followers on social media are potential customers

The first reason to share online is because your community is expecting it! The users who follow you on social media made the decision to stay informed of what happens in your stores.

“ Sharing offers with these potential customers can be the trigger they need to visit your store. ”

### Start with sharing online your month-end specials

You probably already offer month-end specials to your customers. These promotions are an excellent starting point to create an online offer ... just post the digital copy of your promotion

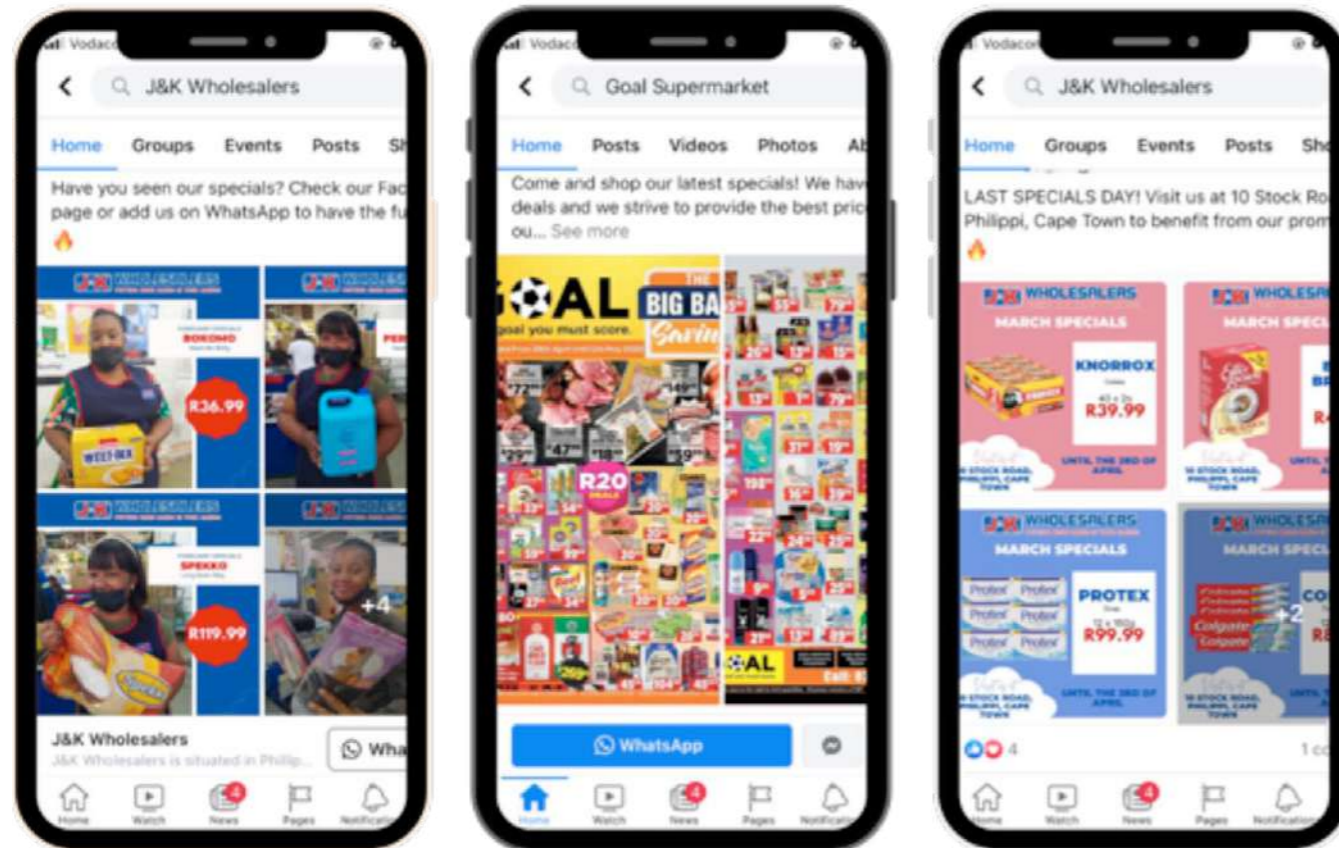




leaflet on your social media accounts. It's free and it can reach as many people as the printed copies you display in store and the ads you pay for in local newspapers.

Here are a few tips to make the most of these specials ...

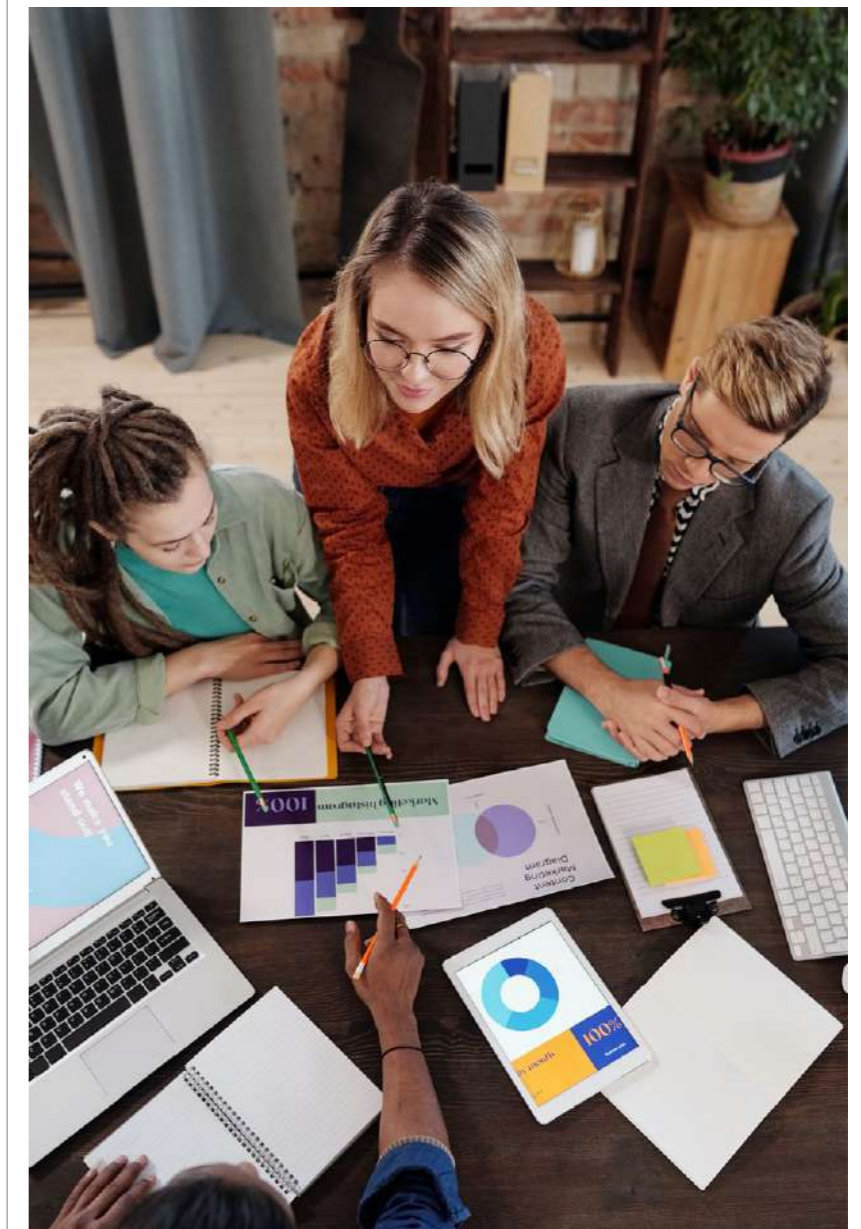
- Make it easy for your followers to see the specials: post images that will display directly on your Facebook page or WhatsApp messages and not links to a web page or files to download.
- Some of your followers might have never visited your store. Make it easy for them to find you by indicating very clearly on your specials your address and directions to get there.
- Make sure to always use good quality photos. It should not be pixelized. Don't hesitate to take the pictures directly with your phones: photos of your staff members holding the items on special with a big smile always work well!



“ Create some exclusivity for your followers. For example, by sharing the specials a day earlier with them on WhatsApp. ”

**Create flash offers on social media to reach more followers and attract them in-store**

Customers always value a good deal. Social media enables you to easily, rapidly and freely share your deals with a large audience in just a few minutes. Take advantage of this possibility to create flash offers that will only last a day or a weekend and that will bring you more followers and will attract customers in-store.



Images courtesy of Mikael Blomkvist, Pexels



For example, you can offer one-day only discounts on items with a close expiry date. You can also create a flash offer on the day of the week when you usually have fewer customers. Or you can highlight a loss leader that you sell at a very attractive price compared to your competitors.

Simple posts for these offers will be the best: a nice photo with the item on special, the price, and the product description with quantity are enough. You don't need to have any graphic design skills to prepare these posts: simplicity and attractive prices are what count.

Don't hesitate to announce some of your flash offers a few days in advance, using teaser posts to make sure that people are prepared and can get organised to visit your store.

Image courtesy of Alphatradezone, Pexels



Sharing an offer on your social media accounts has two benefits ...

- It will make more people want to follow you and will widen your online community
- Then it will attract people to your brick-and-mortar shops or online store and will increase the number of customers in your store.



“ Sharing your monthly specials, your flash deals, and exclusive offers on your social media accounts will not only grow your online community, but it will start having an impact on the sales in-store. ”

## Offer some exclusive deals to your online followers

Don't hesitate to create discounts that are only available to your social media followers. It will strengthen your online community as it will make them feel special and it will attract more customers to follow you online to benefit from these offers.

You can, for example, indicate on your Facebook page that you will offer an exclusive discount to your WhatsApp followers to increase the number of people in your database. You can then send the exclusive offer as a broadcast message.

To benefit from the exclusive offers, customers should have to show the visual offer (that can include a barcode if you want to register a specific discount in your POS system) at the till.

Such exclusive deals are also a way to measure the influence of your social media channels on your sales. By analysing the number of people who took advantage of the exclusive deals you offered to your online community, you can assess the efficiency of your online presence.

Getting online is not only good for your store visibility, it should also contribute to your bottom line. Share your best online specials with us at [hello@shopitapp.co](mailto:hello@shopitapp.co) and we will help you to grow your sales online. In our next article, we will explain how to boost the reach of your posts by using paid ads on Facebook in order to attract even more customers. **SR**



- Annual CPG sales top R527-Billion
- Liquor sector continues to rebound
- Food inflation remains a thorn in the side of consumers increasing by 8.1% versus a year ago

The South African manufacturing and retail sectors remain stoic in the face of a continued onslaught of input prices, and consumers feeling the full effects of their severely constrained wallets. Within this context, the latest NielsenIQ State of the Retail Nation Report reports annual consumer packaged goods sales of R527-Billion – an 11% increase for the last 12 months versus the previous 12 months and monthly sales (4-weeks ending 8 July 2022) of R54-Billion – an 11% increase versus the same period in 2021.

Against this backdrop, no one can ignore the current buffeting effects of food inflation on the South African consumer but fortunately the latest NielsenIQ monthly State of the Retail Nation report does reveal some interesting positives in the South African retail sector.

### Alcohol sales have a different flavour

Lest we forget ... the South African liquor sector has been dealt a severe blow over the last two years with four globally unprecedented liquor bans in 2020 and 2021.

Despite this, we continue to see a significant rebound in this sector with 30% annual growth in

# State of the Retail Nation Report reveals pockets of positivity



Image courtesy of Sunsetoned, Pexels

the Alcoholic Beverages supergroup category and 25% latest months growth.

Necessity as they say is the mother of invention and the trend toward the purchase of longer lasting bottles of spirits during South Africa's prohibition era has continued as South Africa's 'new liquor palate' becomes entrenched.

This is evidenced in the latest State of the Retail Nation report with sustained annual sales growth – albeit off a liquor ban base – in categories such as gin (38%), wine (38%), vodka (36%) and whisky (28%).

Beer retains its best seller top spot amongst alcohol sales at 22% growth but it's clear that a new era has dawned within South Africa's alcohol sector.

### Bread continues to rise

In terms of the biggest movers amongst the product categories measured by NielsenIQ, bread value sales have increased by 33% in the latest month with continued acceleration – despite the category's inflation sitting at 14%.

NielsenIQ South Africa MD Ged Nooy says, "This is the third month we have seen a significant rise in bread sales indicating that consumers continue to forgo more expensive protein options in favour of cheaper staples."

This buoyancy in bread sales is also reflected in NielsenIQ's Top 20 Manufacturer ranking which shows, for example, Premier Foods has increased sales by 31% in the latest month. This might indicate that not only are consumers buying more bread but also the ingredients to make their bread.



In terms of the performance of other Top 10 Manufacturers (Including liquor & tobacco), four are seeing strong double-digit growth with only one seeing a decline while of the top 10 manufacturers (excluding liquor & tobacco) six are seeing double digit growth and two are seeing declines

### Price pain

Despite these positives, price increases remain an obvious concern with overall basket inflation sitting at 8.1% versus a year ago, calculated across 580 categories, weighted to their size in the basket. (NielsenIQ monthly inflation figures are based on the difference between Rand value sales growth vs. unit sales growth i.e. how much more consumers are spending in terms of rands paid per pack than they were the month before.)

The top five products showing the highest levels of inflation are ...

- Cooking oil's latest month inflation versus a year ago is at 45%, due to raw material increases. Its value sales have increased by 43% while the number of units sold has decreased by 2% as consumers react to the increased price of a product at the frontline of price increases.
- Frozen chicken has experienced 17% inflation due to avian flu.
- Laundry detergent has experienced 16% inflation, bread 14% and maize meal 12% all due to raw material increases.

### Fewer packs, more price

In the face of cost pressures, consumers are not buying more but are paying more for less. This is reflected by total basket value sales (excluding liquor & tobacco) up by 7.6% but with a very sluggish 1.1% increase in the number of units sold over the same period.

Increased price sensitivity & willingness to switch brands.

Adding to NielsenIQ's analysis of the local market is its latest Shopper Graphics report which reveals interesting broader changes in the in-home consumption and shopping behaviour of South African households. It shows that while there has been a steady increase in value per buyer over the past two years this has not been accompanied by a rise in volume/unit sales – a clear indication of inflationary pressures at play.

It also found that local consumers are shopping less frequently and at fewer retailers, but when they are in-store they are spending more per trip with increased overall basket spend is being driven by LSM 1-4 due to the introduction of social grants."

Nooy comments; "We have also seen increased price sensitivity across multiple categories, with disloyalty growing when it comes to brand preference versus the cheapest available price. South Africa is already one of the most price sensitive countries in the world so it will be interesting to evaluate the role of promotions, for example, within this new shopping environment."



Image courtesy of Markus Spiske, Pexels

### Could SA be turning an inflation corner?

Looking ahead Nooy adds; "Overall we predict a plateauing of price increases in the next three months. This view is based on further decreases in the petrol price leading to lower input costs. In addition, as the Reserve Bank continues to increase the cost of credit this will curb the purchasing power of consumers and lead to less demand for products resulting in a reduction in overall inflation over the coming months.

"Unfortunately, the added risk in South Africa is that many of the LSM groups have already cut back so much that they have no more room to manoeuvre. It will therefore be interesting to see the cost coping strategies shoppers employ to counter these constraints," he concludes. **SR**

