

SUPERMARKET & RETAILER

www.supermarket.co.za

AUGUST 2018
R68.00 (incl. VAT)

BUSINESS ■ MANAGEMENT ■ FMCG

Financing retail

How the lack of affordable vegetables creates obesity

Catching the back-to-school crowd

Basket sizes shrink
as shopping behaviour shifts

Catering for your community

Are you ready for the harvest?

It's no secret. South African consumers are experiencing a severe wallet squeeze thanks to a raft of rising costs.

To manage their expenses, they've had to make some tough choices by buying less and cheaper. The latest Nielsen Shoppergraphics Syndicated Report reveals the specific categories that have experienced the biggest declines. Household and cleaning goods, for example, are no longer seen as a necessity and sales have dropped by 6%. Beverages too have dropped by 6%, with carbonated soft drinks experiencing a particularly negative performance.

To counter these trying times, one has to have the right ranges, at the right price given that positive price perception is extremely important for future success. For this reason alone retail data has never been more important, as it provides an in-depth understanding about the South African consumer and their shifting habits.

But then there are also the shopping trips that no shopper can avoid. One of them is the

Back-to-School shopping trip. This can be a very stressful experience for both learners and parents. The recently released Coinstar Back-to-School Survey found that 70% of parents in the US say that back-to-school shopping is stressful. And we have no reason to believe that the numbers will be any different in South Africa.

This is the perfect chance for retailers to endear themselves to these shoppers by taking the stress out of back-to-school shopping.

Being prepared well ahead of time, it appears will not only result in loyal customers. It will also add to their bottom line. According to the survey, parents who shop for the new school year well in advance also tend to spend more.

In our back-to-school feature, we investigate how to make the most of this very profitable time of the year and include tips on how to use digital and social-media platforms to get even more people into your store.

Another way to add a bit extra to your bottom line is by offering catering services to businesses and households around your store.

The starting point is to analyse the need for catering services in your trading area. The answer will mostly be a resounding "Yes". Even if there are no offices, factories or schools nearby, the prime candidates for catering services, households can be just as good. And the best part is that you probably already have all the equipment and staff needed in your deli and food-to-go departments.

In our catering feature we advise on starting a catering service and how to get shoppers to use it.

In our Delight Your Customers column, Aki Kalliatakis tells why Jeff Bezos (founder of amazon.com) always leaves an empty chair in his meetings. The empty chair is there to represent the customer. This is a symbolic gesture that reminds everybody at amazon.com that at the heart of their business lies the customer. Nothing gets done there unless they first consider whether it will add value to their customers.

This is a practice that we can all learn from. Are your customers represented in your meetings? Do they have a chair at the table? It is definitely something to think about.

While our customers feel the pinch it's up to us to make things easier for them. Make them feel special, they'll be loyal to you for ever.

We hope that the ideas you find in this issue will help you navigate what is perhaps the toughest of times this generation of consumers have ever had to face. Enjoy the read.



Stephen Maister

AUGUST 2018 ■ Vol. 68 No 8
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Supermarket & Retailer

P O Box 46066, Orange Grove, 2119

Subscription Rates

■ **South Africa** – R815.00 (incl VAT)

■ **Southern Africa** – R1 010.00 (Namibia, Botswana, Swaziland, Zimbabwe, Lesotho, Malawi, Mozambique)

■ **All other countries (airmail)** – R2 500.00

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Our ABC controlled circulation covers owners, executives and management operating in South Africa's ±4 500 hyperstores, supermarkets, superettes, grocery wholesalers and selected mass merchandise outlets and to their equipment and merchandise suppliers.

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PUBLISHERS

Supermarket & Retailer is published by:

Supermarket and Retailer (SA) cc

Reg No. 2007/076713/23

PRINTERS – Typo

CIRCULATION AUDIT

This publication's circulation is audited to the exacting standards laid down by the Audit Bureau of Circulations. This guarantees advertisers that the circulation stated below is delivered.

Total ABC Circulation

13 800

Print & digital editions, April–June 2018

The above ABC Audit guarantees the average number of copies of the magazine circulated in the audit period. Further information on the reader profile and readership is available on request.



World Egg Day is celebrated on the second Friday in October. It was founded by the International Egg Commission at a conference held in Vienna in 1996. The idea behind the day was raising awareness across the world, of the important place eggs have in human nutrition.

Eggs are an important, cheap source of protein in this time of ever-tighter budgets.

The egg is an incredibly versatile ingredient, for both sweet and savoury dishes. From the humble boiled egg to the master chef's soufflé, the egg has a vital place as an ingredient in many recipes.

But a lot has also been said in recent years about egg safety and the dangers of contaminated eggs.

Eggs are fragile and should be handled carefully at all stages from receipt of delivery, during storage and transport, to displaying on shelves for retail sale. Always treat eggs as you would chicken, meat, seafood and dairy products. This means ensuring that the eggs are clean, intact (no cracks), fresh and kept cool, and that good hygiene practices are used in handling eggs.

Some eggs may be contaminated with Salmonella bacteria, so it is important to be careful how you handle, store display and transport eggs. Salmonella can cause very serious illness, especially in vulnerable people such as the elderly, young children, pregnant women and those with impaired immune systems.

While the number of contaminated eggs is estimated to be very low, the illness caused by Salmonella can be severe. So you should always treat eggs safely, as you would poultry, meat, seafood and dairy products. This means ensuring that the eggs are clean, intact (no cracks), fresh and kept cool, and that good hygiene practices are used in handling eggs.

What are the risks?

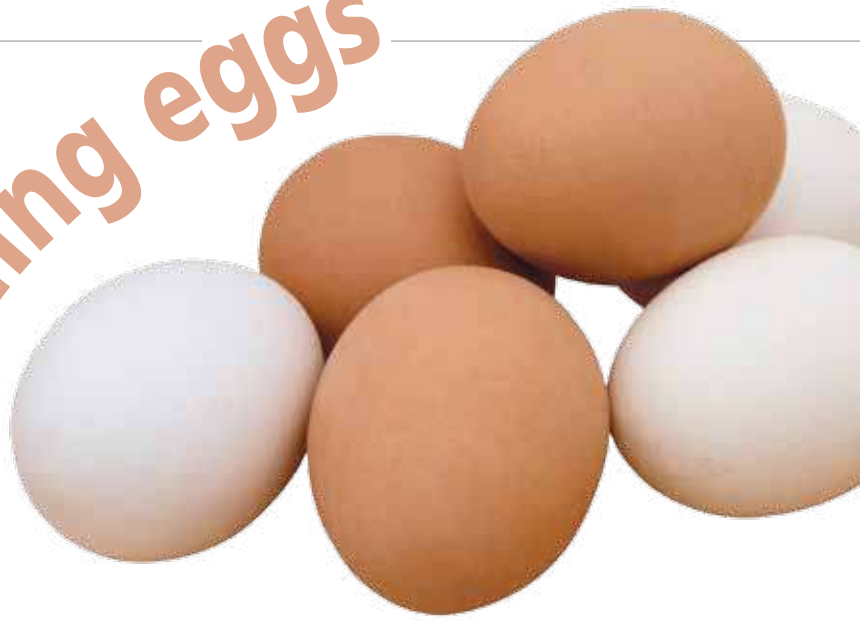
The risks you need to avoid when storing, transporting and displaying eggs include:

- Bacteria spreading from eggs onto hands, other foods, work surfaces and equipment.
- Bacteria growing in numbers if the eggs are not kept cool.

Tips on how to keep eggs safe:

- DO store eggs in their outer boxes at below 20°C.

Selling eggs



- DO display eggs in their own cartons, in refrigerated units.
- DO sell eggs in strict rotation (first in, first out).
- DO regularly empty and clean egg storage and display areas.
- DO store eggs well away from strong smells to avoid tainting the eggs.
- DO NOT store or display eggs near heat sources such as refrigerator motors and fan heaters, or in shop windows or direct sunlight.
- DO NOT use self-serve systems. This is where customers select eggs from a bulk display area into empty packaging.
- DO NOT repeatedly move the same eggs to and from cool conditions, as this causes condensation on the shell which allows bacteria to enter the egg.

When buying eggs:

- Buy only from reputable suppliers.
- Only buy eggs in packaging that identifies the supplier.
- Request eggs to be delivered to you at less than 20°C.
- To ensure freshness always buy and sell eggs well before the best-before date.
- NEVER buy or sell cracked or dirty eggs. Bacteria on the outside of the shell may enter the egg if it is cracked or damaged and may grow to high numbers.

When receiving deliveries of eggs:

- Check that eggs are delivered at below 20°C.
- Check the best-before date on each batch of eggs to ensure they are fresh.

OCTOBER 2018 PROMOTIONAL CALENDAR

**Fair Trade Month
International Breast
Cancer Month**

1 OCTOBER

World Vegetarian Day
International Coffee Day

10 OCTOBER

World Porridge Day

12 OCTOBER

World Egg Day

16 OCTOBER

World Food Day
Boss's Day

18 OCTOBER

Chocolate Cupcake Day

25 OCTOBER

World Pasta Day

- Keep all invoices/delivery slips on file, so that every delivery of eggs can be traced back to the supplier. Ensure that batch codes of eggs, where used, are recorded on these invoices.
- Investigate any signs of cracking or other damage, and remove these eggs from sale.
- Discard any packaging that is dirty or soiled by egg spills or leaking, being careful to avoid contamination of clean, intact eggs.
- Wash hands thoroughly before and after handling eggs.

When distributing eggs to retailers or other distributors

- Ensure that the egg producer's name and contact details, and best-before dates and batch numbers (if used) are on ALL packaging.
- Keep records of best-before dates (and batch numbers if used) and dates and quantities of each delivery so that all eggs can be traced.
- NEVER sell cracked or dirty eggs, unless they are sold to a processor specifically for the manufacture of pasteurised products.
- Transport eggs at below 20°C.
- Ensure that all egg transport vehicles and equipment are cleaned and sanitised at the end of each day, but clean up any spills immediately. – (www.aecl.org)



Embracing mother nature

Happy Event Firming Cream's formula of natural ingredients help you to achieve your skin's natural beauty. It works to revitalise your skin by toning and reducing the appearance of stretchmarks.

The skin is moisturised and softened with natural ingredients like Olive Oil, Shea Butter and Centella Extract, some of which have been used for generations to achieve skin's softness and radiance.

Pink Pepperslim is a fat burning agent that is found in oil from pink berries. This is a natural extract that works on the hypodermis layer to help prevent additional fat from accumulating. Combined with Collaplus this works to improve skin tone and elasticity.

Collaplus and Centella Extract acts on the dermis to help promote Collagen and Elastin synthesis, improve skin elasticity and help to reduce the appearance of stretch marks.

Olive Oil, Shea Butter and Sodium Hyaluronate these natural moisturisers target the epidermis to improve skin texture for soft, supple skin. Apply a generous amount of Happy Event Firming Cream to problem areas and massage evenly for best results. Happy Event Firming Cream is available in a 125ml tube.

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There is a lovely anecdote that Jeff Bezos (founder of amazon.com) always leaves an empty chair in his meetings. The chair is there to represent the customer and he uses this as a symbolic gesture to remind everybody at amazon.com that at the heart of their business lies the customer. Nothing gets done there unless they first consider whether it will add value for customers.

It is no wonder that they are so incredibly successful.

Contrast this attitude with something that happened to me recently. I was doing some shopping and discovered that my favourite brand of coffee beans – one that I have been loyally consuming for at least thirty years – was simply no longer in stock at my local supermarket. No explanation was offered, no sign was up, no employee could tell me why, I just saw empty shelves. Over the next few weeks, I went from retailer to retailer in my area, and the result was the same everywhere.

And then a merchadiser at one of the supermarkets told me that the manufacturer – a huge company that owned the brand – had unilaterally decided to withdraw my favourite coffee. I just couldn't believe that they would do such an arrogant thing, so I wrote to them via the website and waited and waited for a reply. Again, nothing.

I called the head office and, after being bounced around from person to person for about 20 minutes, I eventually spoke to a very junior marketing/product person. She confirmed that it was true: the company had decided to withdraw the product. I asked whether this was because of poor sales, and she said no. So I kept asking why until she relented and came up with a "logical", but completely dissatisfactory answer. It seems that they were launching a new brand and in order to promote the new brand (which, I might add, tasted completely different to the original), they had decided to stop selling my favourite. They didn't want to cannibalise the new brand, and she raved about ow wonderful it tasted.

To tell you the truth, I was outraged, but I managed to keep my voice under control as I explained how disappointed I was. Although I cannot remember the exact words that she used, the meaning was very clear. The company was just completely indifferent to their customers.



Do you have an empty chair in the boardroom?

Nevertheless, I decided to try the new brand a few weeks later, and it was so disgustingly yucky and bitter that I wanted to gag. I will never buy it again. And since then I have searched and searched and searched for something that tasted vaguely similar to my favourite, and now I think I have found something acceptable – but still not the same.

Do I need to tell you that I have also been on their Facebook page and tweeted about this incident?

I am willing to bet a million rand that there is no empty seat in the boardroom of this huge FMCG manufacturer, and I am even more cynical, because of the empty promises on their website.

This is ironically what they say: "For the real coffee connoisseur, XYZ Coffee is the no. 1 selling filter coffee brand in South Africa. We bring you the best blends full of rich flavour and delicious aromas, using only the finest 100% pure coffee from selected coffee estates around the world... XYZ Coffee is dedicated to delivering uncompromising quality, the gold standard in real coffee!"

Note that they say nothing about their commitment to customers or their dedication to service.

Of course, they are not unique. In my 61 years I have seen so many of my favourite products just disappearing. Sometimes they come back as the cheaper version of the original, but mostly it is because the pompous directors have made a decision based only on financial criteria – but not on the basis of what customers want. Those days are clearly over.

A small business, including the family-owned company that owned my favourite coffee beans, would never have acted in this way. The money that they made would never have been too little to please shareholders. They would have been able to continue supplying even the smallest niches quite profitably.

And just in case you think it's only small businesses that can be responsive, look at amazon.com, a gigantic corporation that will soon be valued at more than a trillion dollars. I'm not suggesting that amazon.com is a perfect company. They have also been exposed as treating some of their

staff as well as many of their own suppliers with a bit of cruelty at times.

However, as a customer on the other side of the world on the tip of this magnificent African continent, I am treated as a friend. I am greeted by name as I get on the website. I get recommendations of other products related to what I've purchased recently. I am able to read reviews from

other customers about whether this product is worth the price. They deliver everything literally to my doorstep, and some products can be downloaded onto one of my devices immediately. The prices are not reasonable – they are brilliant.

So what can you do? I think it has to start with taking a good honest look at what is happening in your industry,

and to see who is disrupting it by doing things that appeal to customers, rather than things that appeal to directors and shareholders.

Listen to your customers – you will never be sorry. Build in flexibility to be able to service even the smallest niches (at a higher price), even though you may find yourself unable to do it with complete efficiency. Remember that customers are inherently emotional, and they make irrational and illogical decisions that often have nothing to do with reality. If you can take advantage of that, you will succeed.

And will somebody, anybody, please tell me where I can find a nice mild-roast coffee that is as smooth on my tongue as a twenty-year old whiskey?



There is a lovely anecdote that Jeff Bezos, founder of amazon.com, always leaves an empty chair in his meetings to represent the customer.



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Buying beauty

Skin care is fast becoming an important component of health and beauty, especially with the growth in male-grooming spending.

Trends toward more natural products and the choices made by Generation Z (consumers under the age of 24) are having an increased impact on sales loyalties. Generation Z is very much in tune with social trends and are therefore more likely to be swayed by changes in perceptions and experiences in the product offering.

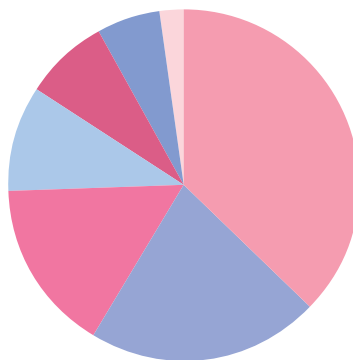
Field Agent conducted a study of skin-care consumers in order to better understand preferences and behaviours around the purchase of male (grooming) and female (general) skin-care products, with a focused view on Generation Z.

Crowdsourcing via smartphones provides an unbiased, real-time understanding of consumer shopping habits and frustrations, assisting retailers to focus on relevant operational issues and reinforce customer loyalty and shopper satisfaction. Feedback is collected through photos, videos, audio, timers and barcode scanners, capturing consumer insights instantaneously.

High-volume purchases provide strong support to retail performance. Skin care is one of the categories where shopper needs are important. It is therefore necessary to match expectations and needs with product range, availability and pricing. Here understanding consumer preferences and decision drivers can play an important role in finding that edge to consumer satisfaction and retention.



Most popular retailer for female skin care

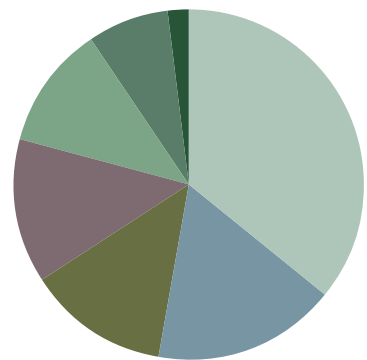


- Pick n Pay (19%); ■ Spar (11%);
- Checkers (8%); ■ Shoprite (5%);
- Clicks (4%); ■ Dischem (3%);
- Other (1%)

During the survey, we screened 865 shoppers. A whopping 82% of those screened had purchased skin-care products in the last six weeks.

We invited 100 of them to complete a random in-store survey close to where they live. The sample was split into 50 female and 50 male shoppers. Locations visited are represented geographically (see map). Visits were verified using shop-front photos,

Most popular retailer for male skin care



- Pick n Pay (16%); ■ Checkers (9%);
- Shoprite (7%); ■ Clicks (7%);
- Spar (6%); ■ Other (4%);
- Dischem (1%)



Interesting facts

Females that will buy more skin-care products next year

61%

Males satisfied with layout of store

70%

Males interested in in-store grooming services

46%

Percentage of men purchase grooming products from grocery retailers?

76%

category photos, GPS, timestamps, and photos.

The most popular retailer for both male and female skin care was Pick n Pay. The most common brand used by males and females was Nivea, with Vaseline in second place. For females, the highest availability compared to usage was Johnson & Johnson.

The most popular store visited by Generation-Z females was Pick n Pay, while for males it was between Pick n Pay and Shoprite. The most popular social-media platforms for Generation-Z shoppers surveyed were found to be Instagram (females), and Facebook/WhatsApp (males). About 61% of females surveyed believed that they will purchase more skin-care products in the following year.

About 70% of males surveyed were satisfied with the store layout of grooming products, with 46% of them being

Female brands usage	Require	Available
Other	23	144
Nivea	23	35
Vaseline	14	14
Ponds	12	29
Dove	9	8
Garnier	7	20
Johnson & Johnson	7	27
Gentle Magic	5	12
Rooibos	4	9
Cetaphil	3	3
Dawn	3	7
Ingrams	3	10

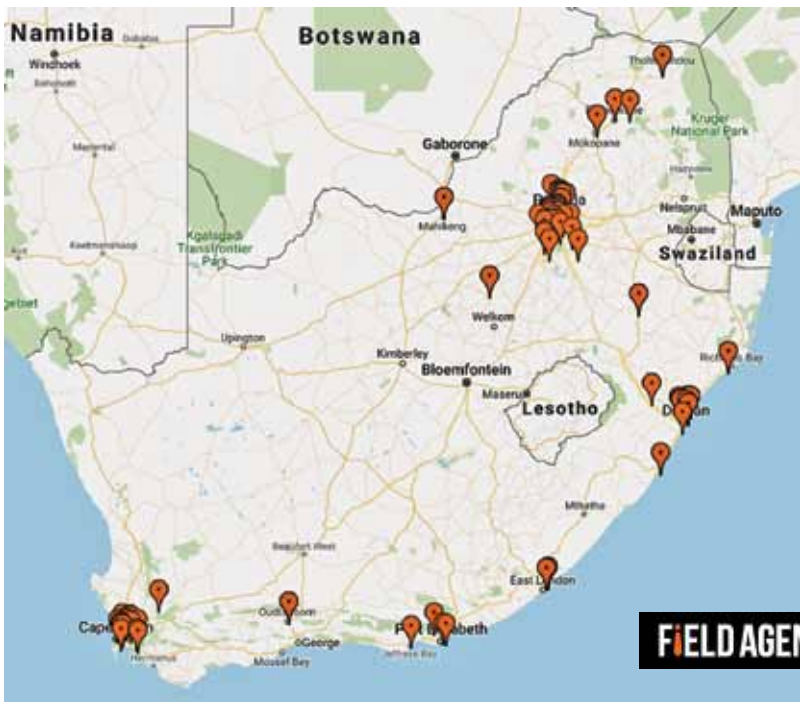
interested in an in-store grooming service to promote brands. Approximately 76% of men surveyed were found to purchase their grooming products from grocery stores.

For more details, email us at: client@fieldagentsa.com.

Male Brands Usage	Require	Available
Nivea	40	44
Other	24	67
Vaseline	15	19
Gillette	4	9
Dove	3	3
Dawn	2	5
Loreal	2	7

Generation Z Favourite Social Media	Female	Male
Instagram	5	1
Facebook	4	3
Twitter	3	1
WhatsApp	2	3
Snapchat	1	0

Generation Z Selected Stores	Female	Male
Pick n Pay	5	3
Spar	3	1
Checkers	2	0
Shoprite	2	3
Clicks	2	0
Dischem	1	1



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ROBO-ADVISORS:

Insurance
meets

AI



People have become more open to robo-advisors providing financial advice or online investment management with minimum human intervention.

"The acceptance of these advisors can in part be attributed to the increasing sophistication of algorithms used and machine learning. Thanks to the ubiquity of data, machine-learning has become more efficient across all industry sectors. With more input channels, more connected devices, and the influx of real-time analytical solutions, Artificial intelligence (AI) is a more reliable offering than what it was even two years ago. This has seen many routine administration functions being taken over by these systems, freeing up employees to deliver more strategic value to the organisation," says Stuart Blyth, director at SilverBridge.

Personal touch

A robo-advisor is just a sexy moniker used when financial planning meets AI. However, the evolution of AI in recent times have made it possible to incorporate more personalised options for organisations. When it comes to the insurance industry, customer expectations are built predominantly around this bespoke approach to product or service offerings.

"This is why it perfectly supplements what insurers are doing today. The market need is one which requires customised solutions for competitive differentiation. While some insurers are using these robo-advisors for capturing menial information such as customer details and risk profile questions, the potential is much more than that."

"While cynics might balk at trusting machines to manage their insurance,

the reality is that it is already happening without many people even realising it. Even though the degrees of adoption might vary per insurer, the role of AI in data analysis is a fundamental aspect of the digital transformation of insurance."

So, despite its trendiness, robo-advisors have been used as the means to complement existing service offerings for a while. What is new is the extent at which insurers are open to using these as tools to enrich the data they have at their disposal and further customise products according to specific customer needs.

Turning the corner?

Some fear that robo-advisors might have peaked too soon with several well-known international ones closing. However, as with any other technological innovation, it is advisable to manage adoption in digestible customer chunks.

"In other words, instead of embracing all facets of robo-advisory, insurers should take elements and slowly roll out additional functionality to their solution stable. In this way, they are able to mitigate some of the risks typically associated with 'bright new toys'. So, instead of giving consumers all the bells and whistles when it comes to robo-advisory, they gradually phase in elements of it to acclimatise customers to its benefits."

Digital consumers are certainly more open to the benefits of enhanced offerings delivered using machine learning. At what extent the insurer is ready to provide those is up to the organisation.

Four phases of a franchise business relationship

The relationship between the franchisor and franchisee is often overlooked by people who are starting out in franchising.

According to Riaan Fouche, chief operations officer of franchising at FNB Business, this is one of the biggest mistakes that one can make because it creates a lack of mutual understanding, and has a direct correlation to the 10% failure rate in franchising.

"One of the things that franchisors should manage is a healthy relationship with franchisees and that requires a multitude of human relations skills paired with technical support structures that enable a win-win approach between the two parties," Fouche says. Here, he shares four phases of the franchising relationship dynamic as per the renowned franchise relationship expert, Greg Nathan:

The courting phase: This is the creation phase of a relationship; both parties are communicating and making an effort to enter into a business relationship. Franchisees and franchisors must have clarity on the relationship and business goals.

The "we" phase: This is the ideal phase to be at for franchisors and franchisees, working side by side to understand each other's needs and fulfill them. However, a number of people neglect it which leads to misunderstandings and franchisees opting out of business.

The "me" phase: This is where franchisees start asking questions about whether they could do better on their own. This phase is a result of neglecting previous phases and not maintaining them.

The "rebel" phase: In this phase franchisees don't want to hear anything they just want out.

"It is expected that many franchisors will be thin on time. However, this shouldn't be an excuse for franchisors to neglect communicating and giving constructive feedback to franchisees. Creating two way and open communication enables franchises to grow their profit margins and higher more employees, which in the end is beneficial to all parties," concludes Fouche.

– *bizcommunity*



Some stores have gone as far as catering for private functions held in the homes of families.

Catering for your community

By Hippo Zourides

Catering – a word normally associated with hotels and restaurants – has for many years applied to supermarkets as well. Are your supermarket offering catering services and benefitting from these? If not, you should be considering the benefits of catering to your local community.

How do I start?

The starting point is to analyse whether there is a need for catering in your trading area. The answer is mostly “yes”. Even if you do not have offices, factories or schools nearby (they are prime candidates for such a service), households can be just as good a customer as any of the other defined outlets.

In the event that your store is located in or near a business district, there is a captive audience in the many offices in the area. Irrespective of the fact that some major office blocks have their own canteens and/or coffee shops, it has been proven over and over that the local supermarket can adequately cater for the needs of such a target market. The receptionists and secretaries of businesses and factories are good people to talk to and assess the need for catering for a business.

As you probably already run a delicatessen and probably prepare some HMR foods in your store, you will have all the



Even if you do not have offices, factories or schools nearby, households can also be good customers for your catering service.

necessary equipment required to complete the catering process. All you need is some specific packaging for your offer. Here we refer to both catering trays and domes, but also to insulated packaging to keep the contents hot or cold, depending on the offering's requirements. You may also require individual "take-away" packaging for items such as burgers, wraps, bread rolls or sandwiches.

A great start to cater for the local business community is to consider a cart or bin or shoulder-carrying basket for basic requirements for local offices. Here we refer to ready-to-eat sandwiches, hot "dogs, burgers, sweet confectionery, chips, nuts and snacks, as well as cold carbonated soft drinks and water. This one-man selling machine can be dispatched to local business at about 10:00, as well as closer to the lunch break. The success of such an initiative can result in two or more ambulant sellers promoting eats and drinks for your business, while also distributing your current leaflet, as well as a specialised leaflet indicating your full catering services. By the way, a new addition to ambulant services these days includes various packs of sushi (if you produce these in store).

Novel catering venues can include the queue at your local event, such as a voting station or where people are waiting to enter a sports event or a national park on busy festive-season days. Consider having a stand at the local flea or craft market to market your services more widely.

The target market

As described above, nearby offices and factories are very good targets. However, they must be made aware of the fact that you have such a service. A defined leaflet showing the range of products, pricing and ways to place orders (phone, email, WhatsApp or through your website) must be included and specific persons in your team must be assigned the duty of monitoring the response to the enquiries.



You will need specific packaging, such as catering trays and domes, as well as insulated packaging to keep the contents hot or cold.



As you probably already run a delicatessen and prepare some HMR foods in your store, you will already have all the necessary equipment



Novel catering venues can include the queue at a local event, such as a voting station or where people are waiting to enter a sports event or a national park on busy festive-season days.



Table-ready elegance wrapped up with ease and simplicity of use, are topmost priority when catering for a crowd.

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GOOD FOR PEOPLE, BUSINESS AND THE PLANET

Speak to the school principals and to the parents' committee chairperson to consider your store for catering for sports events, special meetings and other school functions. Mothers in their cars waiting for their children at the end of the school day are a great target market for your catering leaflets.

Some stores have gone as far as catering for private functions held in the homes of families. Everything is made available from the crockery, glassware and cutlery, to the starter, main course and dessert, including wines and after dinner drinks. This process re-quires a very specialised team of a qualified chef, waiters and barmen, but is certainly feasible if your store is located in the correct suburb requiring such a service.

Range and price

Before deciding on the range of services and pricing for your catering offering, study what the competition are doing. It is vital that every aspect of your offering is costed properly and compares favourably with the competition. The margin for such a service supersedes any margin produced by any of your store departments, including the bakery. Consider from the following range:

- Sandwiches
- Sweet confectionery
- Salty offerings with various dips
- Fresh fruit and veg offering
- Healthy offering (non-carb)
- Sushi
- Accompaniment condiments



Speak to school principals and parents committees to consider your store for catering for sports events, special meetings and other school functions.

If you invest in a spit braai and/or gas braai, your butchery is an ideal department to participate in your catering offering. One supermarket we know offers to run a whole braai for from eight to 60 people. It will set up the whole process a few hours before serving time and will man the work stations and serve the foods, followed by the clean up afterwards. The hosts must just mingle and enjoy the function!

Marketing

No decent catering service is viable unless it is backed up by a well-photographed range of products and services displayed either on a leaflet or your store website. A catalogue of services should be available at your delicatessen and/or service counter and staff must be well versed in the various options and the process to book a service,

when required. If you have electronic media screens in-store, use these to market your catering services.

A special booking form must be developed to record all of the customer's details and their requirements. A phone call to the customer two days before the event is a must to ensure that every aspect has been adequately catered for. It also projects a professional service to the customer.

Decide whether certain services require a deposit upfront and ensure that this is taken into account when invoicing the final cost of the catering service.

Catering is a very profitable aspect that all supermarkets should have in their portfolio. Plan carefully and follow the steps above to ensure a successful venture. Good luck!

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Back-to school season can be very stressful for learners and parents and very profitable for retailers.

The Coinstar Back-to-School Survey, conducted among 1 001 US parents, was recently released and reports that the majority (70%) say back-to-school shopping is stressful. And we have no reason to believe that the numbers will be any different in South Africa.

Contributing to the anxiety are increasing school expenses, peer pressure to buy the latest fashions and ongoing costs throughout the school year, according to the survey.

The survey also revealed that two-thirds (67%) of parents believe school costs are increasing, a trend that has shot up since 2017 when 50% of parents responded that costs continue to rise.

Nearly half (47%) of parents say they expect to spend between \$101 and \$300 per child on back-to-school shopping. Nine in 10 parents say they will incur added expenses during the school year to cover extracurricular activities such as field trips, projects and book fairs. These tacked-on expenses add up with two-thirds of parents expecting to spend an additional \$51 to \$300 this year.

Keeping up with fashion trends also comes at a price and the majority of parents responded that they anticipate clothing to be the single largest expense related to back-to-school costs. This puts pressure on parents' wallets and is compounded by three in five parents disclosing they feel like they (or their children)

need to keep up with the latest fashion trends that may carry a hefty price tag.

Over 60% of parents prefer to shop for back-to-school supplies with their children and nearly half (47%) say decisions regarding clothing are made jointly between parent and child. While shopping with children is more common, parents who shop without their children are more likely to stay on budget. Forty-nine percent of parents who shop with their children for back-to-school clothing and supplies reported they spent more than they planned, compared with 32% of parents who shop without their children.

The majority (62%) of parents report creating a back-to-school budget; this is up slightly from 2017 when 57% of parents reported having a budget. When it comes to paying for back-to-school basics, the clear majority of parents (86%) say they use cash on hand (cash, checks or debit card). One-third of respondents say they have borrowed from their child's grandparent to cover costs. Parents also disclosed going into overdraft (17%) or delaying credit card payments (16%) to manage expenses.

Well over half of respondents (60%) say they are considering or will cash in spare change to defray school expenses. Other cost-saving measures revealed by parents include shopping for clothing at second-hand stores and cutting back on household expenses.

Most survey respondents (83%) prefer to shop at big-box retailers for back-to-school essentials. Parents also reported shopping

at clothing stores (48%), online (30%), and at office-supply stores (25%) for their back-to-school needs.

The vast majority of parents start their back-to-school shopping early with 70% of respondents saying they start one to three months before school begins.

To do whatever it takes to make this time less stressful for shoppers will not only buy you loyalty. It will also be very beneficial for your bottom line.

Back-to-school season is the second-biggest shopping season of the year, with 29 million households across the United States planning to spend a total of \$27.6 billion, according to a report released by Deloitte's 2018 Back-to-School Survey. To capitalise on this shopping sprint, retailers should consider taking a closer look at where consumers are planning to shop, what items they are planning to buy, and how digital will likely influence their decisions.

What to look for this year

This back-to-school season, consumers plan to turn to a variety of retailers to get their kids ready for the school year. But mass merchants remain the top shopping destination, with the vast majority of households (83%) planning to visit these retailers.

In-store shopping prevails

Average household planned spending remains fairly flat this year (up to \$510 from \$501 in 2017), with 57% of back-to-school spend planned to take place

in-store. The opportunity for retailers? About 20% of parents' back-to-school spend is still undecided between online and in-store spend.

Shifting retail preferences

Mass merchants remain the top location for back-to-school shopping, with 83% of shoppers noting they plan to shop this format. While price-based retailers can expect a large percentage of shoppers, customers tend to spend more when they shop at traditional retailers like department stores, home electronic stores and office supply stores.

When we look a bit deeper into preferences across income levels, the trends are more nuanced; high-income households (\$100K+ annual income) are more likely to shop at retailers that offer premier products and experiences, while low-income households (<\$50K) are more likely to shop at retailers that sell at the lowest possible prices. .

Timing matters

About two-thirds of shoppers (62%) plan to begin their back-to-school shopping early, spending about \$100 more than shoppers who get a later start. This presents an opportunity for retailers to be ready for the back-to-school shoppers early.

The need for digital innovation

Over the last three years of back-to-school shopping, it became clear that consumers may be reaching a digital saturation point. Mobile adoption has shown very minimal increases, and computer and social media usage have decreased. Customers are mainly using their devices to access websites, look for prices, and collect coupons and discounts—instead of actually making purchases. This could signal that shoppers are looking for the next innovation in retail technology.

Keycraft, a distributor of toys, science and craft kits and stationery, shares some tips on how you can stand out from the retail crowd this back to school season?

1. Showcase your back to school range – everywhere!

Ensure your back to school range is in the spotlight, both in-store and online. If shoppers can't see it, then they can't want it! Maximise your space in store with eye catching display solutions which



complement your products, then use your online platforms to shout about the products you have, and why they are perfect for your customers.

Gear up your website

Setting up a dedicated back-to-school section on your website is a great way to showcase all of your stock and make shopping on your site easier. Bolster your ranking in Google by including clear product titles, informative descriptions and remember imagery is key – with video being the bonus level! According to research, shoppers are 144% more likely to add a product to their basket if they have watched the product video.

Shout about it on social media

Even if you don't have a website, you can get your message out there with social media. Use high-quality imagery to show the great products you have to offer. Creating a Facebook Shop on your Business Page allows you to either sell directly via the plat-form or direct shoppers to your website. You can then share your products as content onto your Facebook page.

Do not overlook other social media

platforms! Check what your competitors are doing on which social media channels, or just try them all for yourself to find the best fit for you.

2. Create a buzz, in store, online, or both!

A fun and generally easy way to create buzz around your back to school stock in

store and online is to run a giveaway. Invite all customers and visitors to enter your giveaway by filling in a form. Alternatively, you could run the giveaway on Facebook and tell your customers to like your Facebook page to enter.

Once you have drawn the winner, invite them to collect their prize in store, or ask them for a photo with their prize to show the authenticity of your giveaway. This makes for a really lovely post on social media, or on your news page of your website.

3. Collaborate with local youtubers and bloggers

Did you know that 71% of shoppers are more likely to buy based on social media referrals? With an influx of child youtubers and parent blogs, there has never been a better time to collaborate with local talent and grow authentic reviews as well as your fan base by using influencer marketing.

Influencer marketing has been around for years, but with 39% of marketers increasing their budgets on this sector, so it is some-thing that should not be overlooked.

How do I find local youtubers and bloggers?

Talk to your customers, put your feelers out in the local community, and even put out requests on social media. Ask children of your friends and family; who are their favourite youtubers? Are any of their friends youtubers or do any of your friends know any parent bloggers.



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Big Save Hyper opens in Marble Hall

Big Save Supermarket & Wholesale reached a huge milestone recently when it opened its first retail-only supermarket in Marble Hall, called Big Save Hyper. The company has traditionally specialised in the wholesale cash-and-carry market, but due to demand and market conditions, started adding retail-only stores such as the one in Marble Hall their fold.

The new location is on the corner of Ewoud Malan and the N11, just around the corner from the company's current store, which remains open, but will serve the wholesale market. The size of the store is 4 500m², with approximately 150 employees. The store has 30 till points, with an additional three till points for the liquor department.

Tony Ferreira, Big Save's Operational Director was present on the day and enjoyed attending with all Store Managers who came from far and wide.

He commented: "This store is a new era for the Big Save family! We are so happy and proud to offer our quality customers a quality experience with a store that suits all their needs. We are looking forward to opening more of these types of stores in the future."

Shoppers who visit the new Big Save Hyper will see a new-look store offering a high-quality experience with ample space, superior finishes, a bigger range and better service offerings. These include the following departments:

- Fresh Produce, with floorspace of ± 600m² and six employees;
- Bakery, with floorspace of ± 100m² and three employees;
- Confection with floorspace of ± 100m² and two employees;
- Butchery with floorspace of ± 1 200m² and 17 employees;
- House & Home with floorspace of ± 150m² and four employees; and
- Liquor with floorspace of ± 300m² and six employees

Fresh Produce contributes 20% of income, with the bakery and confection 5% each, the butchery 20% and House & Home 10%. The income generated by the liquor department is calculated separately.



The size of the store is 4 500m², with approximately 150 employees.

Big Save Supermarket & Wholesale reached a huge milestone recently when it opened its first retail-only supermarket in Marble Hall, called Big Save Hyper.

The store trades on Mondays to Fridays from 8:00 to 18:00, on Saturdays from 8:00 to 16:00 and on Sundays and public holidays from 9:00 to 14:00.

Big Save has been in operation since 1995 and has grown to seven outlets in the greater Tshwane area. Big Save aims to offer the best prices across a wide range of products, giving bulk volumes to traders serving the wholesale market and smaller quantities to retailers, all under one roof. Now the low-price mindset has extended to retail only stores as demonstrated by the new store in Marble Hall.





Big Save's private-label products are also on sale.

The company has traditionally specialised in the wholesale cash-and-carry market, but due to demand and market conditions, started adding retail-only stores such as the one in Marble Hall their fold.



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The fresh-produce department, with floorspace of approximately 600m², has six employees.

Shoppers who visit the new Big Save Hyper will see a new-look store offering a high-quality experience with ample space, superior finishes, a bigger range and better service offerings.



The store has 30 till points, with an additional three till points for the liquor department.



**SPAR**

SPAR's estate living convenience

To residents of some of the most established and exclusive communities of golf estates in Gauteng such as the Blue Valley Golf & Country Estate and Midstream Estates, perks like lush landscaping, club house, 18-hole golf course and restaurants have become standard fare. SPAR, one of South Africa's largest retailers is bringing "quick trip" convenience in the form of its stores to these privately managed urban neighbourhoods and has created an entirely new retail format.

SPAR's new stores in Midstream and Blue Valley Golf & Country Estate, are honing in on discerning audiences in these private and protected estates. SPAR is a retail trailblazer in many regards and the launch of the large format stores tailored to fulfilling specific community needs is piece de resistance.

"We are seeing healthy growth in gated communities and it has opened up a unique avenue for our expansion. We believe buyers are not only buying a home when they choose to invest in a gated community but rather buying a lifestyle," says Craig Freeman, New Business Development Manager, SPAR North Rand.

From household essentials like - fresh groceries to deli and delicious breads, cakes and croissants to grab-and-go items, including sandwiches, salads, beverages, snacks and more; the store will also stock home, personal care and beauty products just a stone's throw away from the community's doorstep.

Kam Govender who owns the SPAR retail outlet at the Blue Valley Golf & Country Estate says, "We had to reimagine retail as this is a new concept for all of us involved. My background as a professional chef really helped - long hours, demanding customers, different tastes and being on my feet and on the double really schooled me for retail."

"Catering to a clientele that is discerning, conscious and well-travelled means they want you to meet their expectations. At SPAR we make every effort to deliver, so we stock international products like Cinnabon cereal, Dr Pepper drinks, as well as healthy alternatives like Boost juices, Fit Chef and Nature Choice products. It's what makes them come back."

These stores sit side-by-side to other amenities the brand offers like TOPS at SPAR, a retailer specialising in alcoholic beverages. TOPS at SPAR offerings include beers - craft, international and local, fine wines, award winning whiskeys, large selection of sparkling wines and champagnes to bar accessories and cutlery.

The retail landscape has changed drastically over the past few years and with that the view of "convenience" - while some consider availability of all products under one roof as convenient, others view ringing up purchases online for door step delivery as "convenient".

"The estate retail is a particular push to go after the growing strata of society, the upwardly mobile who present SPAR with a new segment to build its brand. It's also a segment where we are able to test ideas with, for example for orders over R250, we deliver products anywhere on the estate," adds Kam.

"Have we created a new category? Absolutely. We are excited to provide residents in these communities with a quick-trip shopping experience featuring the same quality and value shoppers have come to expect from SPAR. Trust is becoming an ever-more important and universal theme and we remain committed to the bond we share with our shoppers," says Craig Records, Retail Operations Director, SPAR North Rand.

The product strategy for these quick trip stores is consistent with the broader strategy across SPAR - offer the best products at irresistible value yet be curated to meet the needs and preferences of the communities.

"Having convenience retail at your doorstep in a charming neighbourhood saves you time, reduces interruptions on the journey back home and you are out of nothing when you have surprise visitors. It is a hassle-free lifestyle package that enhances your quality of life leaving you with precious time for family and friends. Having the store in the estate adds to the available amenities for residents and the surrounding community and influences property values," says Craig Freeman, New Business Development Manager, SPAR North Rand.

SPAR's footprint of stores extends to over 900 sites across the country and are within approximately five kilometres or less from most South Africans, delivering an experience that focuses on ease and convenience. SPAR continues to make meaningful investments in differentiating its retailing environment and shopping experience from others through better staffing and training to deliver elevated service and product expertise.

The launch of large format stores in much sought-after estates tailored to fulfilling specific community needs is piece de resistance and aligns to our corporate ethos, "For every kind of person, there's every kind of SPAR"



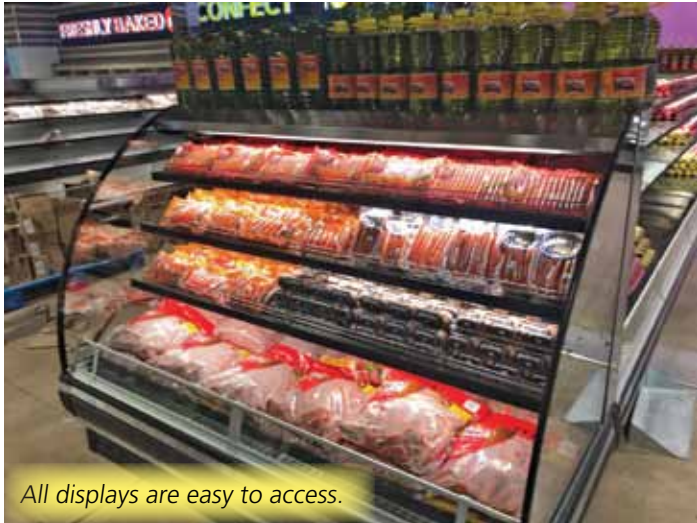
The liquor store, with floorspace of approximately 300m², has six employees.



The butchery has floorspace of approximately 1 200m² and 17 employees.



Only energy-efficient refrigeration is used in the store.



All displays are easy to access.



The confection department, with floorspace of approximately 100m², has two employees;



Big Save promises low prices to all its customers.



The design of the store makes for easy shopping.



The ribbon-cutting ceremony at the opening of the store.

Job creation top of mind as FreshStop at Caltex Redhill service station opens

A brand new FreshStop at Caltex Redhill on Chris Hani Road in Durban was recently opened by eThekweni Deputy Mayor Fawzia Peer. The site, located on one of the main one-way access routes into Durban central, has created more than 70 jobs across the Caltex fuel forecourt, FreshStop store and on-site McDonald's drive-thru. Price Njokweni, general manager of Chevron South Africa, was on-site to officially open the site and unveil a plaque to mark the occasion.

This is FreshStop's 280th store nationally and as the largest and fastest growing convenience retail brand in South Africa, it continues to lead the industry with new food concepts. In addition to the store's range of fresh fruit and vegetables, selection of grocery items and the ever-popular grab-'n-go snacks, take-home meals and refreshments, FreshStop Redhill has introduced an in-store Seattle Coffee bar with barista service and a Grill to Go outlet that will focus on a grilled-chicken offering.

Trevor Visvanathan, store retailer, has been in the fuel-retail industry for decades and brings with him immense experience and expertise. His FreshStop at Caltex portfolio includes the Bird Sanctuary site in Pietermaritzburg and FreshStop Christiaan de Wet in Gauteng. Visvanathan will also be opening his fourth store next month in Berea, Durban, as well as in Sherwood and Clairwood respectively later this year.

Lucky number seven is reserved for New Germany in 2019.

"I am passionate about the industry and proud to be chairman of the FreshStop Franchise Forum. I have experienced for myself that what you put into your business is what you get out of it. It is also

very rewarding to see the growth of your people and their skills as the years pass," says Trevor.

Situated in a mainly industrial area in Durban North, the Redhill Service Station offers workers and locals a convenience offering that will include breakfasts, lunches, take-home meals, great coffee and ATMs; and to top it all off, the McDonald's restaurant will be the first of its kind in the world as it will not have a lobby but will instead focus mainly on drive-thru and McDelivery services.

"We are extremely excited about the opening of FreshStop Redhill Service Station and I am confident that we'll provide the best in service, pricing, food and product offering. We have also kicked off our win-a-car competition where our customers will be able to enter to win a Datsun Go and will also be eligible for weekly draws for prizes ranging from fridges to TVs. On-going promotions will be offered and we will keep the buzz and vibe going," adds Trevor.





Nielsen launches Smartstore in SA

Nielsen has added a new product solution to their Shopper toolkit – a creative and unique solution for retailers and manufacturers globally, helping them get closer to shopper behaviour.

The solution helps retailers measure, evaluate and optimise a range of retail concepts on sales and profit based on how target shoppers react at the moment of truth in any store format. It helps measure the effectiveness of point-of-sale merchandise (POSM) based on what shoppers see, think and do.

Smartstore is designed to radically transform how the industry conducts shopper research today by creating a remarkably realistic and immersive simulation of a total store environment. Testing in a virtual environment eliminates the unnecessary risk of trial-and-error execution, because things can be perfected thus providing retailers with cost, time and flexibility.

Sue Temple, VP Global Product Development, Nielsen Consumer Insights Division says, "This solution has been put together using the latest virtual reality technology available and adapting it to create a unique, fully immersive shopper research and merchandising solution. We have partnered with our clients through our Smartstore development process in pilot projects over the last several months to make sure it meets their needs as we bring Smartstore to life. We are excited with today's launch and hope this would drive greater insights into shopper behaviours at the moment of truth and build collaborative partnership between retailers and manufacturers in South Africa."

Smartstore builds a live environment, creating multiple scenarios helping in comprehensive analytics of shoppers experience (track shopper head, eye and feet movements, 3D heat maps, etc). This also drives affordable research costs for retailers through the attention-appeal-action framework, thus building confidence in commercial results and measurable ROI on research investment.

Nielsen South Africa Consumer Insights Director, Kim Reddy comments; "The beauty of this technology is that it allows us to custom build different scenarios, according to client specifications and their research needs. We can then observe shoppers as they shop in the 'store' and ask questions without any delay. We're also able to create scenarios for modern, convenience and traditional trade store formats which make this solution highly relevant for the South African market."



From left to right: Jean Drotsky, Yvonne Blaauw (winner) and Bobby Hassen at the 2018 Championship Boerewors finale

Best boerewors mom

Mom of two, Yvonne Blaauw from Wellington in the Western Cape, makes the best boerewors in South Africa.

Blaauw (47) was recently announced the winner of the 26th annual Championship Boerewors competition and her recipe – South Africa's number one boerewors – will be available in all Shoprite and Checkers stores nationwide from Friday, 14 September 2018.

"How amazing to win this competition," exclaimed Blaauw. "I have been perfecting my boerewors recipe for as long as I can remember, so to know that it is the very best in the country is just incredible!" Along with the sought-after title of SA's No.1 Boerewors Champion, Blaauw has also won the grand prize of a brand new Toyota Hilux DC 2.8 GD-6 Raised Body Raider worth over R500 000.

Second and third place went to Jean Drotsky from Pretoria and Bobby Hassen from Randgate respectively. The top three each received gift hampers from sponsors Coca Cola and Wellington's, as well as Shoprite and Checkers gift vouchers.

The top ten finalists of the 2018 Championship Boerewors competition competed at a "Braai in the Sky" where they impressed an independent judging panel of culinary experts from the South African Chefs Association (SACA), who were tasked with selecting this year's number-one boerewors.

Also present was ex-Springbok rugby player and boerewors enthusiast, Bakkies Botha. "Everybody says rugby brings people together, but I always say that boerewors brings people together. To me it represents passion, culture and tradition."

The top-10 finalists

PROVINCE	TOWN	NAME
Eastern Cape	East London	Markhum Lewis
Gauteng	Randfontein	Abram Sepotokele
Gauteng	Faerie Glen, Pretoria	Abrie Schutte
Gauteng	Villieria, Pretoria	Andre Andrews
Gauteng	Carletonville	Anita Schutte
Gauteng	Randgate	Bobby Hassen
Gauteng	Wierda Park, Pretoria	Natasha Drotsky
Gauteng	Wierda Park, Pretoria	Jean Drotsky
Western Cape	Gordon's Bay	Cornelius Ferreira
Western Cape	Wellington	Yvonne Blaauw



Autonomous grocery delivery the way of the future, says GlobalData

American supermarket chain Kroger, in partnership with self-driving car startup Nuro, began a trial of autonomous grocery delivery service at a single Fry's Food Store in Scottsdale, Arizona in August 2018 with an aim to save time and create convenience for consumers.

Despite some drawbacks such as high upfront investment, it is likely that in the future autonomous vehicles will be the main source for all deliveries, not just grocery food, according to leading data and analytics company GlobalData.

The pilot began with Nuro using its self-driving Toyota Prius fleet, but the company will introduce its custom R1 driverless vehicle soon. Customers can place delivery orders through the store's website or the Fry's Food Stores mobile app and schedule them for same-day or next-day delivery for a flat fee of US\$5.95 with no minimum order requirement.

After an order has been placed, the driverless vehicle will deliver the groceries directly to the consumer where they simply go to the parked vehicle, enter a unique numeric code and take out groceries from the opened compartment. Since this service is still in trial, the format has not been finalised yet and may change after its main launch.

Ryan Choi, Consumer Analyst at GlobalData, says: "This is an innovative take on food delivery but the autonomous factor is unlikely to have any major effect on how consumers do their online grocery shopping. The majority of the benefits will be reaped by the supermarket chains instead. The use of autonomous vehicles allows grocery retailers to save on hiring and paying drivers, and provides with an

opportunity to increase the number of possible deliveries."

However, the initial investment in a fleet of autonomous vehicles will be incredibly high, as will the insurance required for it. Alongside this, not every state in the US – and countries worldwide – are as open to autonomous vehicles, and the public's opinion is not always positive, hindering retailers ability to implement this service elsewhere.

Choi concludes: "Despite these drawbacks it is likely that in the future, autonomous vehicles will be the main source for all deliveries, and not just grocery food. The drawbacks mentioned will become less problematic overtime; the continuous development of this technology will eventually convince the public to accept it as well as reduce the risks involved. Over the next decade, it will not be surprising to see fleets of autonomous vehicles delivering consumer goods to everyone's doorsteps."



21 Crazy years in business

South Africa's biggest discount variety chain, The Crazy Store, has reached a milestone this month as they celebrate 21 years of retail excellence. The retailer's success and growth continue to serve as a reminder of the importance of customer care and convenience alongside an affordable product line.

The Crazy Store will open in excess of 40 stores this year and will also be celebrating the opening of their 350th store in September. Financial results show a strong 16,6% year-to-date revenue growth.

With a solid foothold in urban centres, rural and peri-urban areas, The Crazy Store's success can be seen not only by store openings in top regional centres across South Africa such as Gateway; The Glen; Cape Gate; Clearwater and The Grove Mall, but also by its growing African footprint. Thirteen stores have opened in Namibia and two in Botswana – with many more to come.

In a tough economic climate, consumers are always on the lookout for cost-effective quality products. High consumer debt to income ratio and the rising cost of living has affected consumer's disposable income. The Crazy Store has aligned its business model of quality and value accordingly and have therefore become more appealing to a broader consumer base.

The Crazy Store's managing director, Kevin Lennett, suggests that while the growing consumer demand is due to a shift in the attitude of particularly higher LSM consumers who are looking for more value for their money, it also comes down to convenience of the retailer; a continuous update of product lines; and a real interest and focus on the customer experience.

The Crazy Store's quality promise has become an important value for the retailer.

With an intense focus on product value – focusing on newness, surprise and continuity, The Crazy Store is growing as a destination store. The outlook sees further store openings in South Africa as well as penetrating the market in African countries, growing in their consistency and ability to provide products for the consumer, continuing their 21-year growth trajectory.

Americans worry about the safety of products bought online

While online shopping is almost universal in the US, over half (53%) of Americans are concerned about the safety of products bought online, according to new research from Mintel.

And although young Americans have been brought up as digital natives, Mintel reveals that these consumers are exercising the greatest caution when shopping online, with almost two thirds (63%) of 18-24-year-olds expressing concern about online product safety.

But it's not just product safety that is worrying shoppers, as almost eight in ten (78%) consumers are concerned about the freshness of food products they buy online. While online grocery shopping has been on the rise, it appears that freshness is a significant barrier as just 10% of Americans say they buy fresh produce, meat, poultry and/or fish online.

Despite the fact that consumers are spending more time and money online, trust remains a hurdle for online retailers to clear, particularly for younger consumers. Some 14% of all online food and drink consumers cite trust as an issue that has prevented them from adding a product to an online shopping cart, with this number rising to almost one in five (17%) 18-34-year-olds. What's more, many Americans are deterred by the lack of ability to test the value of the product for themselves as 69% of consumers overall are hesitant to buy something that they can't see/touch in advance and three quarters (75%) prefer to sample products before purchasing.

"Americans are exercising caution when shopping online as they believe that purchasing in store is the most trustworthy way to determine the safety, quality and/or freshness of the items they buy. While online shopping is becoming more convenient, online retailers still have yet to fully replicate the in-store experience of discovering a product in person. As a result, retailers have to go above and beyond in terms of offering more product information and anticipating any potential concerns from shoppers. In doing so, consumers will have less hesitation about adding a product to their online shopping cart and



subsequently completing a purchase," said Matt Lindner, Senior eCommerce Analyst at Mintel.

Moms shop online to save time and avoid the store

It's no secret that many consumers go online looking for a good deal. In fact, saving money (56%) is the top reason Americans say they buy food or drink products online. Rounding out the list of the top reason to shop for food and drink online are saving time (46%), finding a specific item (45%) and avoiding the store (42%).

Much has been said about women and the shopping experience; however, it seems that grocery shopping is something of an exception. Across the US, women (48%) are more likely than men (37%) to buy a food or drink product online so they can avoid going to the store. And it seems that moms* are also appreciating the convenience of online grocery shopping as they are the most likely group overall to purchase food and drinks online in order to avoid the store (52%). Moms are also the most likely to say they purchase food and drinks online to save time (56%).

"Retailers and brands don't always have to offer the lowest price in order to get shoppers to buy online, rather than in-store. Offering specific products or selling consumers on the fact that buying online allows them to avoid a trip to the store, and ultimately saving them time, could be enough to win business. Reordering options such as Amazon's 'Subscribe and Save' program can appeal to busy women, and moms in particular, who seek the convenience of replenishing regularly-purchased items online, and are looking for an option that saves them

from running the risk of missing out on an essential item by rushing through grocery shopping," continued Lindner.

Americans look to family/friends when learning about new products

While the US may be a nation of online shopping addicts, today, as many as three in ten (30%) food and drink consumers say they do not use online channels to discover new products and brands, rising to 35% of beauty consumers.

In fact, word of mouth is proving to be more effective than digital tools when it comes to encouraging consumers to ultimately purchase products. Shoppers who have bought food/drink products online say that recommendations from family and friends (34%) and coming across products while searching for something else (33%) are the top ways that they learned about the last food or drink product they bought online.

Finally, the growing popularity of meal kit delivery services and beauty subscription boxes also present an opportunity for consumers to learn about new products they might otherwise not have tried, especially among younger consumers. Nearly one quarter (23%) of online food and drink shoppers say they participate in a food/drink subscription box, rising to one third (33%) of shoppers aged 18-34. What's more, 18% of online beauty shoppers say they participate in a beauty subscription box, rising to 30% of shoppers aged 18-34.

"Online stores have grown increasingly sophisticated in terms of spotlighting product details in order to better inform shoppers; however, there ultimately is no substitute for the endorsement from a family member or friend when it comes to potentially spending money on a new item. This creates an opportunity for retailers to increase their word-of-mouth marketing by investing more in digital advertising or rewarding consumers that refer others in the form of loyalty points or discounts on future purchases. Additionally, while adoption of subscription boxes is still relatively low, those who do participate in food and/or beauty subscription box services represent an audience that retailers can introduce to new products and brands, and, thus, spur new brand loyalties," concluded Lindner.

South African basket sizes shrink as shopping behaviour shifts

The South African consumer is experiencing a severe wallet squeeze thanks to a raft of rising costs including spiraling petrol and electricity prices, the implementation of sugar tax and a value added tax (VAT) increase to 15%. To manage their expenses, consumers have had to make some tough choices and adjust their consumption patterns.



Number of stores visited
4,9

nielsen

The latest Nielsen Shoppergraphics Syndicated Report released in South Africa reveals that local consumers have dropped an unprecedented three grocery categories from their shopping basket. The report looks at shifts in consumer purchasing behaviour within 4 000 representative households across the country on a quarterly basis.

As the household basket has become more expensive, consumers are also limiting their shopping trips to 60 a year on average and have reduced their top-up shop from twice or three times a week to once every two weeks, with spend per trip now averaging R210. Interestingly, the repertoire or number of stores that consumers visit has increased to 4,9 retailers a year, signaling an extremely price-conscious consumer who seeks out

deals and is more prepared to shop around.

Compared to last year, the overall volume of sales has grown by 2,8% and value of sales has grown by about 6,3%. However, this growth must be seen in context. The reality is that consumers are shopping less and spending slightly less, but there are instances of upgrading to larger pack sizes, which may be a contributory factor to the small levels of growth.

What's in and what's out?

Drilling down to category performance, South African consumers now buy around 68 categories per year with a move towards consumers spending more on dry groceries and perishables with staples remaining stable. The highest amount of spend is happening in frozen chicken and ready to eat cereals, sugar and UHT* milk (a long-term trend) and canned meat. The

latter may be because of a listeriosis crisis that hit the country earlier this year and compelled many consumers to switch from cold meats.

Looking at the specific categories that have experienced the biggest declines household/cleaning goods which are no longer seen as a necessity have dropped by 6% and beverages by 6%, with carbonated soft drinks (CSDs) experiencing particularly negative performance. In this regard, contributing factors may well be the shift in volumes from 500ml to 450ml size bottle within some of the top brands as well as an influx of other brands carving out a market share for themselves and now spreading their national footprint.

Changing shopping habits of South Africans

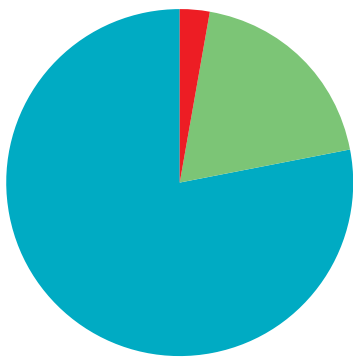
The Shoppergraphics Report also revealed a shift towards modern branded retail outlets away from independent retail within the LSM** 1-6 market. The growth in usage of branded retail chains by this segment could be due to the fact that more retail chains have opened stores in previously under-served areas with large, traditionally modern trade retailers having invested in this sector in the last two years. We also know that branded retail offers more competitive pricing and is therefore seen as less expensive.

To counter these trying times, retailers need to ensure they have the right composition of goods for their shoppers, at the right price given that positive price perception is extremely important for future success. Retail data has therefore never been more important in order to move past tough times, as it provides an in-depth understanding about the South African consumer and their shifting habits.

*UHT- Ultra-high temperature, a processing technology that sterilizes liquid food, chiefly milk

**LSM – Living Standard Measure, which is used to segment the South African population

Where do they shop?



- Independent (19,1%)
- Branded (77,9%)
- Other (3%)

Budget squeezers

The South African consumer is experiencing a severe wallet squeeze thanks to spiraling petrol and electricity prices, the implementation of sugar tax and a VAT increase to 15%.



Electricity



VAT



Petrol



Sugar tax



Changing shopping habits of South Africans

Highest amount of spend



Biggest decline in spend





Massmart is delighted with our online sales growth of 69%, which included a 23% increase in average online basket size.

Massmart interim results shows strong online growth

Massmart's recently reported interim results for the 26 weeks ended 1 July 2018 is set against a background of continued difficult trading conditions. Low food-price inflation, increases in VAT, fuel costs, personal tax and CPI coupled with a declining GDP have created a severely constrained consumer environment. The impact of this environment has been characterised by continued soft demand for durable goods as consumers prioritise spending on food over durables.

Massmart reported sales of R41,6 billion, a 1,9% increase on the previous period. The weak sales environment resulted in a gross profit margin of 19,6%, and trading profit before interest and tax decreased 19,5% to R664,2 million.

Massmart continues to pursue new group income streams. In the six month period, Massmart has seen particular success from its value-added services (VAS) business. Total money collected grew by R538 million. This was achieved through significant double-digit growth across the VAS product portfolio, including money transfers (31%), lotto sales (29%), extended warranties (25%) and RCS Credit (18%).

Reflecting its investment in omnichannel retailing, Massmart increased online sales 69% in the period. The Group's four e-commerce points of presence – Makro, Game, Dion-Wired and Builders Warehouse – saw a 23% increase in the average online basket size and a 159% growth in online traffic to group online platforms.

Commercial and public-service customers who place high value on the Group's BBBEE credentials in their procurement decision making are an important Massmart customer segment. Given this and the Group's commitment to inclusive

growth, Massmart has devoted considerable effort to improving its BBBEE performance and has achieved Level 4 BBBEE Contributor Status with a score of 81.

Massmart's African growth plans remain on track, and the Group added over five thousand square meters (2,3%) of ex-SA retail space in the period. Total sales from ex-SA stores for the period grew by 5,7% and comparable stores by 0,6% (both in constant currencies). Given South African currency weakness, the total ex-SA Rand sales increased 1%.

Once again, exceptional operational management resulted in superior expense control. The Group delivered total expense

growth of 3,9% for the period, well below inflation and an improvement on the comparable period's expense management of 2,1%. Massmart contained its occupancy costs through improved management of municipal charges, and successful lease renewal negotiations. While full-time employee numbers remained stable, the Group improved staff scheduling and replaced positions selectively.

Massmart sees opportunity to simplify aspects of the Group's operating structure and to leverage group-wide scale. One priority is the implementation of a group distribution centre services and network function with the aim of reducing the cost-



to-serve by at least 1%. In the period under review, efficiencies from this focus, covering transport, logistics and supply chain achieved a reduction in distribution centre costs. Furthermore, the Group identified an opportunity to increase product velocity through the Massmart logistics network, resulting in improved distribution centre cost recoveries.

Commenting on the results, Massmart CEO Guy Hayward said: "Very weak consumer confidence resulted in lower demand for durable goods, while significant deflation in most major food commodities impacted the wholesale business. We are delighted with our online sales growth of 69%, which included a 23% increase in average online basket size. It is pleasing that we grew durable-goods sales and market share in an environment in which demand for durables is soft as consumers prioritised spending on food."

Outlook

For the 33 weeks to 19 August 2018, total sales amounted to R53,2 billion, representing a like-on-like increase of 2,3% over the prior period. Comparable store sales increased by 0,4%. Product deflation is estimated at 0,5%.

"The current weakness of the domestic economy and the volatile and uncertain international geopolitical situation which impacts the oil price and the Rand, amongst other factors, make near-term forecasting difficult. Compounding this is that Massmart's profitability is skewed towards the second-half of the financial year and particularly the fourth quarter which includes Black Friday and the festive season.

Assuming no further deterioration in the South African consumer economy for the remainder of 2018, Massmart is cautiously optimistic about the full year's earnings," he says.

Key highlights

- Total like-for-like sales for the period grew 1,9% to R41,6 billion, while comparable store sales increased 0,2%
- Product inflation decreased to 0,7%
- Headline earnings before restructure costs decreased by 20,4% to R290.3 million
- Strong online sales growth
- Exceptional operational management resulted in superior expense control



is creating an obesity epidemic in South Africa

The Barilla Centre for Food and Nutrition's Food Sustainability Index (FSI) 2017 ranks 34 countries across three pillars: sustainable agriculture, nutritional challenges, and food loss and waste.

South Africa ranks in the third quartile of the index in 19th place. However, the country has a score of 51 on its ability to address nutritional challenges. The higher the score, the greater the progress the country has made. South Africa's score is lower than a number of countries on the index.

David Sanders, emeritus professor at the school of public health at the University of the Western Cape and an affiliate of the Centre of Excellence in Food Security, says that South Africans have a very high burden of ill health, much of which is related to their diet. But he adds that...

Large corporates dominate every node of the food chain in the country, starting from inputs and production, all the way to processing, manufacturing and retail.

"So it is monopolised all the way up the food system from the farm to the fork. The food system is creating, for poor people anyway, quite an unhealthy food environment. So for well-off people, there is sufficient choice and people can afford

a nutritionally adequate diet, even one of quite high quality," Sanders, who is one of the authors of a report on food systems in Brazil, South Africa and Mexico, says.

Not enough nutrients

"But poor people can't. In most cases, the great majority don't have a kind of subsistence farming to fall back on because of land policies and the fact that in the 24 years of democracy there hasn't been significant development of small-scale farming," he says.

According to the report, about 35 000 medium and large commercial farmers produce most of South Africa's food.

In addition, Sanders points out that a vast majority of rural South Africans buy, rather than grow, their own food.

"The food they can afford tends to be largely what we call ultra-processed or processed food. That often provides sufficient calories, but not enough nutrients. It tends to be quite low often in good-quality proteins and low in vitamins and minerals – what we call hyper nutrients. So the latter situation results in quite a lot of people becoming overweight and obese. And yet they are poorly nourished," explains Sanders.

– www.bizcommunity.co.za

Read the original article on IPS News Agency.

RCL Foods delivers improved results

RCL FOODS reported a 52,7% increase in headline earnings for the year ended June 2018 despite a challenging trading environment.

Profits were boosted by a recovery in the chicken business unit, strong growth through its brands and a focus on cost containment.

The company reported good progress in its "ONE RCL FOODS" transformation, a growth agenda that started four years ago and is focused on building a strong regional food business.

"Over the past four years we have built a more balanced and diversified portfolio. The next chapter of our agenda is to generate sustainable quality of earnings off the more stable base that we have created," said CEO Miles Dally.

RCL Foods says headline earnings growth was also driven by strong volume performances in the dressings, pet food and pies categories, lower interest costs and a tax credit related to an energy-efficiency allowance in the sugar business unit.

Headline earnings for the year ended June 2018 increased 52,7% to R837,7 million (2017: R548,5 million). Headline earnings per share was up 52,4% to 96,8 cents (2017: 63,5 cents).

Return on capital invested (ROIC) increased to 8,1% from 4,8% in 2017, largely driven by the improvement in underlying profitability. RCL Foods measures its efficiency and effectiveness of capital application through ROIC.

Revenue and cash generation were both down. Revenue for the year totalled R24 426 million, a 2,1% decrease on the R24 950,7 million reported in 2017. The decrease was largely due to reduced volumes in the restructured chicken business. Cash generated by operations was down 22,2% to 1 784,6 million (2017: 2 293,7 million.), largely due to a significant base effect of chicken's working capital release in the prior year.

RCL Foods declared a final dividend of 25 cents per share (2017: 20,0 cents), bringing the total dividend for the year to 40 cents (2017: 30,0 cents).

Dally said he was pleased with the results, which had been achieved in a difficult year.



Miles Dally, CEO RCL Foods

"We have had to contend with the Listeriosis crisis and Avian Influenza (AI), both of which affected our chicken business, as well as the significant impact of dumped imports on our chicken and sugar businesses.

"These external challenges have forced us to think differently, find alternatives, drive efficiencies and reduce costs. The result has been a more resilient company, and a more profitable one."

Cash on hand, net of overdrafts, has increased from R1 053,8 million in 2017 to R 1 263,4 million in 2018, mainly because of the improvement in underlying profitability.

The major turnaround was in the chicken business, which was forced to resize and restructure because of the impact of dumped chicken. The chicken business unit EBITDA for the year improved 717,5% to R466,8 million at a margin of 6,7% (2017: R57,1 million at a margin of 0,7%), despite the challenges of Listeria and AI.

The chicken business restructuring has reduced production from 4,8 million birds to 3,4 million birds per week, resulting in a substantial proportion of low margin consequential (commodity) chicken being removed from the system.

The chicken business recovery was the main reason that EBITDA in the consumer division nearly doubled, rising 94,5% to R985,2 million (2017: R506,5 million). In the other two divisions, EBITDA in the

sugar and milling division was down 16,1% to R869 million (2017: R1 036,1 million), while the logistics division was up 0,6% to R204,3 million (2017: R203,1 million).

The consumer division also benefitted from a significant improvement in the Groceries cluster. The strong branded groceries performance was a highlight of the year, given the deflationary environment, strong competition and no growth in the market.

The cluster reported market share gains, improved margins and an increase in the number of key brands which have become market leaders as a result of sound brand strategies and investment behind the brands.

The Sugar business was significantly impacted by dumped imports. The business reported a 6,3% increase in revenue, on the back of higher volumes after the drought, but EBITDA declined 44% to R284,1 million (2017: 507,0 million).

Increases in sugar production and improved efficiencies were more than offset by the impact of significant volume of dumped imports. The need to establish import parity to quell imports and excess supply drove significant local price decreases of more than 20% during the period.

Furthermore, imports displaced local production volumes forcing a change in the sales channel mix towards higher exports at lower international prices leading to significant margin erosion.

"There is a strong focus within sugar to ensure the continued sustainability of the business and the industry. In addition, alternative products and uses are being considered, with a simultaneous focus on improving productivity and efficiency to reduce costs further," the company said.

Animal feed, another business unit in the sugar and milling division, produced an acceptable result albeit supported by gains on maize and currency positions. EBITDA rose 30,2% to R319,5 million (2017: R245,4 million).

The merger of Molatek and Epol created one of South Africa's largest animal-feed businesses. RCL Foods intends to grow more animal-feed categories and expand into new markets and geographies.

NEW MARKET LEADERS



Both animal feed and the logistics division were affected by lower volumes from the restructured chicken business.

Logistics-division volumes were also affected by the Listeriosis outbreak. Gains in new business and cost cutting resulted in a financial performance ahead of expectation and in line with the prior year. It generated revenue of R2 billion, marginally down on 2017.

A new long-term contract with Pick n Pay for its frozen category, including ice-cream, helped to offset the decline in chicken volumes.

The millbake business unit generated an EBITDA of R265,4 million at a margin of 7,3% (2017: R283.7 million at a margin of 7,5%), down 6,5%. The business had a leadership change during the financial year and has set a recovery plan going forward.

The South African milling industry continues to be challenged by overcapacity and margins remain tight as a result. The focus remains on increasing volumes and improving efficiencies. Baking's results were disappointing. Operational challenges including prolonged strike action as well as competitor pressure impacted volumes and margins.

ENTRENCHED MARKET LEADERS



RCL Foods estimated the financial impact of the Listeriosis crisis at R158,2 million – once-off costs of R78,2 million for product recall and the restoration of the Rainbow brand, and an estimated R80 million as lost contribution.



Scott Pitman MD of Consumer Business

The outbreak, which resulted in more than 180 deaths earlier in 2018, was and remains a major crisis for the local food industry and the country. The company has implemented number of additional safety measures at production facilities, over and above the international food safety standards already followed.

"Given that we have never had Listeria in our products at our Wolwehoek plant, and have subsequently been cleared of the ST6 "outbreak strain" of Listeria, we have been working to restore consumer trust both in our Rainbow brand and the chilled processed meats category," the company said.

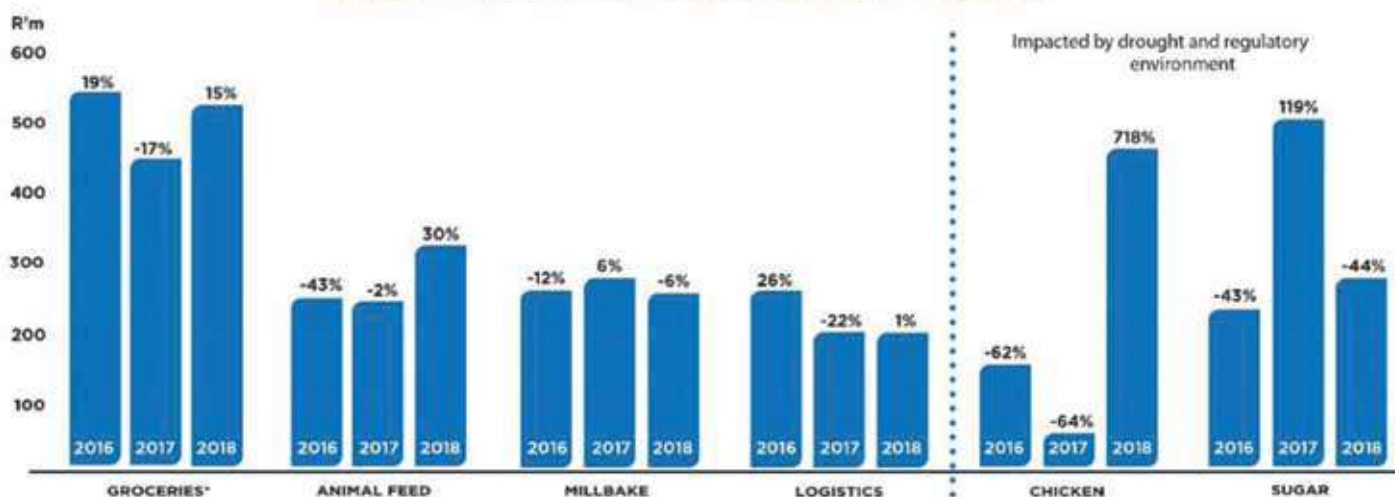
RCL Foods is continuing its cautious expansion into Africa. It has a low-risk expansion strategy, cautious of economic and political risk. The focus has been narrowed to mainly SADC countries, and whilst acquisitions have been evaluated, none have so far been effected. The company is finalising a 45% shareholding in an FMCG distribution operation based in Lusaka, Zambia which will provide a re-entry into the Zambian market.



Looking forward, RCL Foods expected the recent modest recovery in market volumes to continue. "Trading conditions will continue to be challenging and the fight for market share will remain fierce," it said.

A MORE BALANCED PORTFOLIO - FOUNDATION FOR GROWTH

EBITDA AND GROWTH PER CATEGORY CLUSTER



* The Groceries category cluster includes the Grocery, Speciality, Beverages and Pies business units.

On the surface, it almost sounds like an oxymoron – having your own wine label without having a winery. But private-label wines are becoming an increasingly popular segment of the US wine market, and for good reason: launching your own private label wine can boost revenue, increase profit margins, and help you create a unique brand identity that sets you apart from the competition.

Perhaps the best example of a private label wine business taking off is the Kirkland Signature line of wines at Costco, which is already the number-one wine retailer in the US. Through its exclusive partnerships with wineries in the United States, Costco is able to offer unique, premium wines at half the price you will pay anywhere else.

Similarly, Trader Joe's has sold over 50 million cases of its private-label wine since 2002.

And a growing number of retailers in the US – including some national wine and liquor chains and supermarkets – are following suit, viewing the private label wine business as a way to boost revenue and grow margins. According to some estimates, the margins on private label wine bottles are 10% to 15% higher than on bottles from national brands.

Plus, as wine experts point out, retailers are essentially shortening their supply chain by squeezing out some of the middlemen who are making their mark-ups every time they sell a case of wine. You are getting your wine direct from the winery, after all.

Private label wine is making inroads



As a result, it is no longer out of the ordinary to see private-label wines show up on the shelves of supermarkets. Even a few national wine and spirits stores, such as Total Wine, now offer private label wines. According to the current estimates, private label wines now account for approximately 5% of all wines sold in the US, and that figure could be headed higher. Some projections call for private-label wines to eventually account for 20% of the entire market.

That would make private-label wines roughly the equivalent of other private-label goods (i.e. private-label pasta, private-label canned goods) that supermarkets now sell. And in France and Italy, the private label wine market is even more popular,

accounting for nearly one-third of all wines sold.

In addition to the economic appeal of these private-label wines, there's also the branding aspect that can help to differentiate companies from other retailers and some restaurants. For example, the legendary Italian restaurant Carmine's in New York City has used private-label wines as part of its overall branding strategy. It has worked with wineries to create a range of different wines – Pinot Grigio, Chianti, Prosecco, Montepulciano and Trebbiano – that it can offer to customers as examples of small, family-made wines that can be enjoyed as part of a family-style feast. For families and tourists on a budget, it's a way to create a welcoming wine menu that is also true to the restaurant's overall brand.

The important point to keep in mind is that a private-label wine doesn't say "private label" on the bottle. To the casual wine drinker, it looks just like any other wine they might drink. While Costco and Trader Joe's customers may realise they are drinking private-label wines, that's not necessarily true across the board.

In general, private-label wines are starting to catch on as customers become more adventurous and daring in their choices. They may not recognise the wine or the label, but are tempted to try it and experiment. And, as we've seen already, having an eye-catching label is often just as effective as having a first-class wine in terms of attracting attention.

The "snob appeal" of avoiding private-label wines, if there ever was any, appears to be fading. After all, the bottle, the cork



and the label are no different. It's just a matter of convincing a customer to try a \$10-15 bottle of wine they may not recognise instead of a bottle of wine that's two to three times more expensive.

If anything, the major trend is towards private, exclusive wines that are grown in limited quantities. So that's how businesses can choose to position their private-label wines. Instead of being used to attract cost-conscious customers, it's a way to attract affluent, sophisticated customers. That may not be true for Costco, which is focused on selling huge quantities at low prices, but it certainly works for the hospitality business, where there is a constant search to differentiate oneself from the competition. As a result, everyone from a national chain of steakhouses to a small boutique hotel chain might be interested in creating a private label wine.

Which leads to the obvious question: How do you get started if you want to own your own private label?

The first step, say industry insiders, is to figure out the types of wines that your customers enjoy drinking and what the average price of the bottles they are ordering is.

From there, you need to make a few projections about the growth projections of your business.

You don't want to be ordering thousands of cases of wine and then be stuck with dead inventory. Also, since every label must denote the place of origin of the wine, the wines you select should be a natural fit for the outlet in terms of region and style of wine.

From there, it's time to reach out to wineries that might potentially be interested in a deal. Some wineries are

able to accommodate a wide range of order sizes – everything from five cases to 1 000 cases – while other wineries prefer only to work on smaller or larger order sizes. Once you've narrowed down your choices, the vintner will work with you on every aspect of creating your own wine – down to the creation of the label and even the type of cork.

There are also independent design companies specializing in designing wine labels, cases and other promotional material. They will design a label that meets the specifications of the country you want to sell in and the tier you want to sell the wine in.

From there, all you have to do is place the order and you'll soon have your private wine label, all without the time and expense of actually operating your own winery.

NATIONAL

DIARY

<p>10 October Johannesburg</p>	<p>Advertising & Marketing Law Each year we identify the latest regulatory changes and legal precedents and interpret their implications for CMO's and corporate legal advisors. For consultative brief contact sharon@marketingmixconferences.co.za</p>
<p>16 October Johannesburg</p>	<p>Shopper Insights An invited group of professional marketers present their insights from recent research across the full shopper marketing spectrum. One stop shop for appraising latest breakthrough thinking. For consultative brief contact sharon@marketingmixconferences.co.za</p>
<p>17 October Durban</p>	<p>SACSC Annual Congress The Retail Exhibition provides an excellent opportunity to showcase your company or services, as well as networking with this captive audience over the three-day event. In addition to the exposure and meeting platform, exhibitors also receive the following benefits:</p> <ul style="list-style-type: none"> • Exhibitors pass to attend Congress presentations; • A copy of the SACSC Congress delegate listing; and • Marketing exposure throughout the SACSC Congress period.
<p>24 October Johannesburg</p>	<p>RMB WineX Around 150 exhibitors representing a myriad big-brand names, boutique wineries, wine routes and associations, imported stemware, charcuterie and cheeses, olives and olive oils, nougat and designer storage options will have their products on show. Up to 800 wines – mostly South African wines, including fine brandy and Cape Ports, as well as a fair selection of international wines and champagnes too – are in the line-up.</p>

INTERNATIONAL

<p>21 October Paris</p>	<p>SIAL The world's largest food event will welcome visitors and exhibitors at Paris Nord-Villepinte exhibition centre for a taste experience full of new discoveries. SIAL Paris is the world largest kitchen where new trends spring from and where Planet Food inspires the food of today and tomorrow. It is also a platform without borders for building new partnerships and invests other markets.</p>
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SUPERMARKET & RETAILER

BUSINESS • MANAGEMENT • FMCG
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COVER STORY



13 Back-to-school

Turning stress into profit. Back-to school shopping can be a very stressful experience for learners and parents. This is the perfect chance for retailers to endear themselves to all these stressed out parents by taking the sting out of back-to-school shopping.

FEATURES

8 Finance & insurance

Financing retail. Running a store, while keeping an eye on matters such as your finances and insurance can be very hard. But it is a necessary evil that cannot be ignored.



9 Catering

Catering for your community. Catering – a word normally associated with hotels and restaurants – has for many years applied to supermarkets as well. Are your supermarket offering catering services and benefitting from these? If not, you should be considering the benefits of catering to your local community.

REGULARS

2 On promotion

World Egg Day is celebrated on the second Friday in October. Eggs are an important, cheap source of protein in this time of ever-tighter budgets. See also the October Promotional Calendar.

4 Delight your customers

Do you have an empty chair in the boardroom? Jeff Bezos (founder of amazon.com) always leaves an empty chair in his meetings that represents the customer. Are your customers represented in your meetings?

By Aki Kalliatakis

6 S&R/Field Agent Barometer

Buying beauty. Field Agent conducted a study of skin-care consumers in order to better understand preferences and behaviours.

16 Storewatch

Big Save Supermarket & Wholesale reached a huge milestone recently when it opened its first retail-only supermarket in Marble Hall, called Big Save Hyper.

By Hippo Zourides

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BANK

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== WHAT'S ==
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