

SUPERMARKET & RETAILER

PROFIT FROM MARKET FIRST INFORMATION



Business knowledge for smart retailers
ISSUE 8, 2020 www.supermarket.co.za

**Alcoholic &
Cold Beverages ...**
Looking back,
Going forward

**Covid-19 lockdown
impacts significantly on
beverage categories**

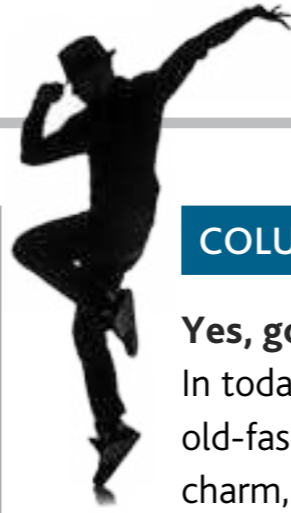
**Lighting and the future
of physical retail**

**Dairy prices need
to change
at grassroots level**

**The Uber-Zoom:
Trade mark genericide**



Contents



FEATURES

Revitalising alcoholic beverages



The Alcoholic Beverages industry has had a turbulent year. With producers and retailers working together to bring life

back into the category, there is also a renewed focus on responsible drinking behaviour. BMi Research looks at the Sorghum Beer Category.

Cold beverages Pack a Punch



As the festive season and school holidays approach, Cold Beverages come into their own. From waters and soft drinks, to fruit juices, iced coffees, smoothies and functional beverages, this powerhouse category is highly competitive

with plenty of options for consumers. When it comes to allocating space to products and brands is to know your market.

COLUMNS

Yes, good guys do finish first

In today's uneasy world, it appears that old-fashioned behaviours like politeness, charm, poise and dignity have become lost virtues. Aki Kalliatakis feels that nothing beats compassion, consideration and helpfulness as a way to create a strong personal image and positive, long-lasting relationships.

NEWS

Covid-19 lockdown impacts significantly on beverage categories



The bottled water, energy drinks and sparkling soft drinks categories are three distinctively different categories which have all suffered very different impacts as a result of the Covid-19 lockdown. Dr Dana

Braithwaite, BMi Research consultant, shows the pressures that have influenced these categories.

Lighting and the future of physical retail



The shift from physical to online retail means the future of brick-and-mortar stores is under pressure. Lighting can help increase sales

by optimising the presentation of goods by slightly adjusting the spectrum of the light.

Dairy prices need to change

The number of milk producers in South Africa has more than halved in ten years. Those left have to produce more to make it profitable. It is a constant battle to get a decent price for their product.

The Uber-Zoom

The case against trade mark genericide: Many brands have come to realise the adverse consequences of a trade mark that is too successful.

Advertorial: Keep the tills ringing this season

Five easy suggestions to get customers back into your store.

Advertisers Click on logo for more information



www.supermarket.co.za



Join us on our various platforms ... www.supermarket.co.za, on FB <https://www.facebook.com/supermarketandretailer>, IG @supermarketza, Helen on LinkedIn <https://www.linkedin.com/in/helenmaister/>, twitter @Supermarketmag or subscribe at info@supermarket.co.za

Can you feel it? Can you feel it? Can you feel it?



Helen Maister

Things are starting to shift. There is buoyancy in industry. People are busy, hopeful and projects that were put on hold are a GO! There is a sense of excitement in the air. There is a drive to succeed as we have no choice but to push through this turbulent time. The human condition is that of survival and I feel, here in South Africa, we are

tough, resilient and have a sense of entrepreneurship that most of the world doesn't have.

Our active cases keep fluctuating but stay relatively low, and have been under 55 000 for 52 days now (Thanks Brent Lindeque). We are doing ok.

A huge shout out to Ann Baker-Keulemans of Wilkin Ross Communication for her original contribution to this months' issue of Supermarket & Retailer. Her reports on Alcoholic Beverage and Cold Beverage are in-depth, insightful and studied.

The festive season is upon us. Minister of Transport Fikile Mbalula is adamant that ... "A zero-tolerance approach to drinking and driving will be implemented by December 2020, so the traditional South African festive season looks set to be slightly more restrained than in previous years". How will this affect the purchase of

alcoholic and cold beverage?

It should not be news to anyone that the general trends globally are calling for health first products. Less sugar, less preservatives and fewer unnecessary ingredients. This is true for alcoholic and cold beverage.

The alcohol industry has taken a huge knock, especially in the artisanal category. Ann interviewed Mbali Zondo, Group Marketing Manager for Norman Goodfellows and has looked at trends within this category – read more to find out what is happening in whisky, gin, artisanal beer, and sorghum beer.

As the weather becomes warmer our focus turns towards Cold Beverage – that ice cold drink on a hot summers' day. We discuss artisanal tonics, functional beverages, health, CBD, RTD, sports beverages, energy drinks and Mageu. BMI has supplied a huge amount of data to support this feature.

Lighting and the future of physical retail ... Covid-19 has accelerated the shift from physical to online retail and the future of brick-and-mortar stores is under pressure. In order to have a long-term future, physical retailers should focus on offering customers a shopping experience which cannot be replicated by online retailers. It's a case of being truly innovative to attract customers into the store, time and again. An important element to make this happen is lighting. Hendrik Rotman goes into detail.

To be in the dairy industry in South Africa in the current economic climate, is probably one of the toughest jobs around. According to the Milk Producer's Organisation (MPO), the number of milk producers in South Africa decreased from 2686 in January 2011 to just 1164 in January 2020. This means the few farmers who are left have to produce more to make it profitable; they fight a constant battle to get a decent price for their product.

What you put out into the world will be reflected back into your world. In today's uneasy world of controversy, inattention, reality TV, celebrities and politicians alike being obnoxious just to grab attention, it appears that old-fashioned behaviours like politeness, charm, poise and dignity have become lost virtues. Some of the most viral videos show adults behaving obnoxiously and throwing temper tantrums at a fast-food drive through. And while it is always true that being excessive and outrageous will get you the shocked attention of others, the fact is that nothing beats compassion, consideration and helpfulness as a way to create a strong personal image and positive, long-lasting relationships. Aki Kalliatakis discusses this in his column.

Helen Maister

Helen Maister



Keep the tills ringing this season

Five easy suggestions to get customers back into your store

As retailers prepare for what has traditionally been their peak season, consumers may not be all too keen to re-enter stores or malls; even after the easing of restrictions during level 1. So here are a few things that retailers can do to ensure that the till keeps ringing this season.

Apart from creating a safe shopping experience for consumers (physically and virtually), a desire to appeal to human senses, to connect with people (now more than ever before) remains. For some, retail therapy is no longer therapeutic. The good news is that some of our suggestions do not require significant capital outlay, although Absa can provide for your set-up requirements through our commercial asset finance products. We are going to share five simple ideas that may make consumers feel just a little bit more excited about shopping again.

Manufacturers cannot afford to miss retail peak season as consumer spending increases during the limited holiday window. They too will be keen to optimise their share of the meal, glass or wallet. So partner with your suppliers to create a lasting impression with your customers by giving them more reasons to spend their money with you.



1. Staff

It is well known that staff plays a crucial role in any business and define the customers' shopping experience. Therefore, your staff's wellbeing (financial or physical) becomes important for your business, as their knowledge about products' technical functionality or nutritional benefits and thoughtful recommendation creates affinity with your customers so that they will want to return or even recommend your store.

The best customer experience is delivered by highly motivated staff members who are happy and easily approachable and tell positive stories about your business. Shrinkage and staff turnover are lower when staff are motivated, so invest in your people.

2. Store layout

The store layout, starting from the parking lot to the transition zone (the point between the entrance and the store) and checkout, should create a sense of exploration and rewarding discoveries, which positively influence customer experience. Although every store has its own layout, every part of the store must be experienced as a worthwhile destination. This will encourage customers to touch and interact with products in the store.

The layout also enables the store owner to present merchandise in a clean and visually pleasing way. The store owner, with manufacturers and suppliers, can demonstrate the products' features, benefits and advantages in the form of live presentations. In the case of a grocery store, display stands are effective to entice consumers to taste, smell and touch the product. Non-consumer packaged goods retailers can be creative about presenting a user experience in-store, for example a cookware store can have master



chefs prepare your favourite meal or a quick snack in-store. Theatrics and well thought out visual merchandising, good store ergonomics and live demonstrations all improve the customer experience and curiosity in the store.

Also, paring merchandise with complementary products that are frequently purchased together, drives more sales.

Clearly demarcated product and service areas make it pleasant for the customer to navigate your store and increase impulse purchases. Promotional items can be placed on the route toward the intended product.

Also demarcate the checkout/till area, ensuring that you can accept all forms of payments such as contactless payments, be it QR codes, tap-and-go, credit and debit cards, cash and electronic payments.

3. Supplier sponsored promotions

Collaboration between suppliers and store owners can result in innovative in-store promotions. The use of web interfaces, interactive video displays, embedded QR codes and digital content can be placed strategically within the store or on a digital device. Through the use of beacons, consumers could experience increased interaction with the products and service offerings available to them. Some suppliers are even using product packaging creatively to generate awareness about the coronavirus. This has a positive outcome on customer experience whilst maintaining a safe environment. Although restrictions have

been reduced, safety remains paramount, and promotions aimed at attracting consumers back in-store are important for diverting sales of some products that were not efficiently sold online.

4. Product assortment

Product assortment needs to adapt to the new economic and social realities faced by consumers, who still demand convenience, but demand more value and attractive price points to match their income. It's all about stocking more fast-moving essential and health-related products and being highly selective in terms of discretionary products. Due to global supply chain disruptions, there is more opportunity for local brands to showcase their products, which should have a positive impact on our local economy.

5. Rewards and loyalty

Consumers are demanding more rewards for their loyalty. Creating a moment that appeals to all their senses becomes a real differentiator, from virtual to physical. Create excitement and expectation, whilst reinforcing convenience. This is achieved through the combined experience of staff, store layout, suppliers and products.

With health concerns being a key concern, both shopping in the aisles and going through checkout need to become as touch-free as possible. We have observed that consumers who are concerned about infection have moved decisively away from cash payment to non-cash payment mechanisms such as QR codes, tap-and-go and credit cards. Getting

customers to buy will require an omnichannel experience that includes drive-through, click and collect and other delivery options that cater for the new emphasis on health, safety and convenience.

Although online shopping has increased, brick-and-mortar shopping remains the most prevalent. A change in the wholesaler and retailer mindset to customer experience is important. It is not business as usual and new approaches are required.

Where an investment is required, Absa will be there with you every step of the way. We are set up to meet all your business, personal banking and financial services needs, leaving it to you, the wholesaler and retailer, to develop a clear perspective on which actions to prioritise to improve and deliver a consistent customer experience.

Our range of products and services are tailor-made to meet your business, personal and employees' needs. We can also provide your staff with the convenience of bringing Absa to them, whilst still offering them discounted life-stage banking solutions so that they can continue to provide consumers with a memorable in-store experience.

To find out more about the fast-moving consumer goods sector and available financial solutions, contact Lesego Mpakanyane on ...

Lesego.Mpakanyane@absa.africa

- Visit www.absa.co.za
- Call us on +27 11 350 8000
- Email franchise@absa.co.za



Yes, good guys do finish first

Aki Kalliatakis

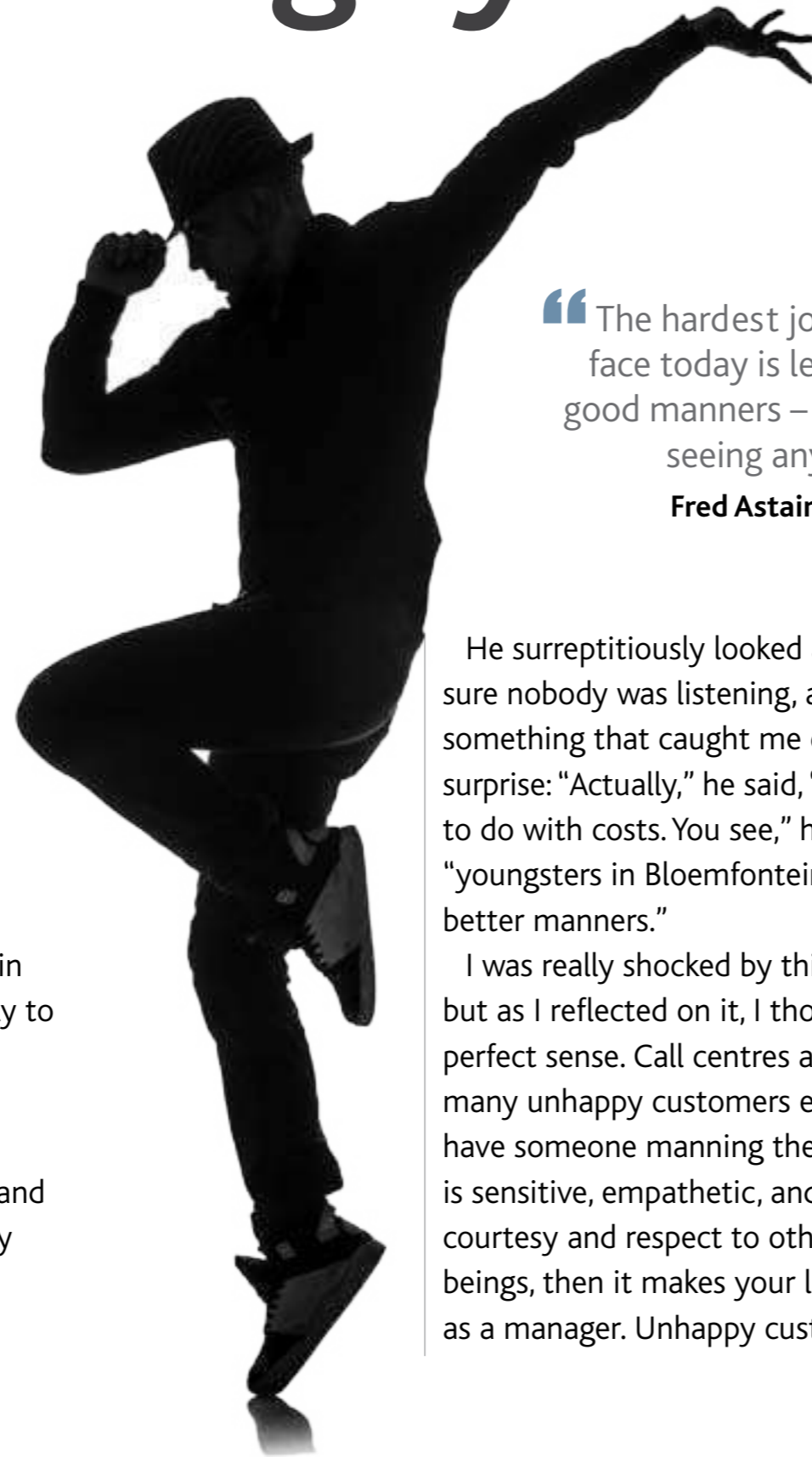
aki@leadershiplaunchpad.co.za

www.leadershiplaunchpad.co.za

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

I was recently chatting to a client of ours and he told me that he was slowly closing down their call centre in Johannesburg, and moving it gradually to Bloemfontein.

I immediately voiced the obvious conclusion that this must have been a financial decision. After all, salaries and services in the Free State are probably cheaper than in the epicentre of commerce in Sandton.



“The hardest job kids face today is learning good manners – without seeing any.”

Fred Astaire

He surreptitiously looked around to make sure nobody was listening, and then said something that caught me completely by surprise: “Actually,” he said, “it’s got nothing to do with costs. You see,” he whispered, “youngsters in Bloemfontein have just got better manners.”

I was really shocked by this statement, but as I reflected on it, I thought made perfect sense. Call centres are where many unhappy customers end up. If you have someone manning the phones who is sensitive, empathetic, and shows basic courtesy and respect to other human beings, then it makes your life a lot easier as a manager. Unhappy customers can be

turned around, and they won’t escalate their problems or try to damage your business, mainly because they felt that somebody had in some way treated them with dignity.

In today’s uneasy world of controversy, inattention, reality TV, celebrities and politicians alike being obnoxious just to grab attention, it appears that old-fashioned behaviours like politeness, charm, poise and dignity have become lost virtues. Some of the most viral videos show adults behaving obnoxiously and throwing a temper tantrums at a fast-food drive through.

And while it is always true that being excessive and outrageous will get you the shocked attention of others, the fact is that nothing beats compassion, consideration and helpfulness as a way to create a strong personal image and positive, long-lasting relationships.

A lot of you reading this may say that it’s because I’m old and nostalgic about times gone by that makes me say this, but there is research that shows that in the confused and alienated world of even the most diehard adults under the age of 30,



it's still critical. Apart from the fact that people of all ages remember your kindness, and feel a need to repay the favour, apart from the fact that it also makes them feel better about themselves, it's even more important for you.

Study after study about human happiness has shown that people who distance themselves from others, who live only for themselves and what they can gain, who display too much pessimism and cynicism, harvest nothing but unhappiness. But true happiness comes from contributing towards the happiness of others. We somehow find our happiness when we bring surprise and humour and joy.

It seems like your willingness to put the needs and desires of others ahead of your own actually helps you because their gratitude helps you to be healthier, and in fact to also live longer. It is like a mirror that reflects back to you what other people feel.

Here's a quick checklist that may help you decide who you want to be:

- How often do you catch yourself smiling every day? Fifty times? A hundred times? You don't need to be goofy about it – but it makes a huge difference.
- How many times a day do you genuinely and consistently say 'please' and 'thank you'?
- How often do you help people in order to make their lives a bit easier? It may be that you answer a question that has been puzzling them, or that you show them a shortcut to



make their lives easier. Or it could be that you help them to physically do something that they are obviously struggling with. Or maybe they feel a little less confident or worried about something that you can reassure them about. I'm not talking about big stuff here – just the little things. And you need to be able to do these before they ask. If they have to ask, it diminishes the value of it a lot.

- How do you show people and customers that you truly respect them? Do you look them in the eye when you are talking with them? Do have an appropriate and welcoming handshake that you share when meeting someone new for the first time?

- When you address people, what do you call them? People are proud of their titles, so start off by respectfully addressing them as Mr., Ms. or Dr. They will quickly let you know when it's okay to use their first names.
- Do you let people know that you recognise them as human beings – even if you've never met them before? As I've written in a previous article, your customers and colleagues should not have to wear a badge that says: Ask me about my children.
- The same is true for paying genuine compliments. Everyone has something good about them – even if it's not always obvious. You may just have to dig a little bit.

- Speaking of which, how do you dress and take care of your appearance? Is it offensive, or intimidating, or does it create barriers in some way? (And will you sometimes just need to "cover up"?) I'm not asking you to be regimented, and to not display your personality, but just to be aware of the effect your appearance has on others.
- How would most people – from your friends, to your colleagues and managers, to your customers, and even total strangers that you meet – describe you? Will they say, "What a nice person," or something else?

This is just a start, but if you open your minds to it, you will find all sorts of wonderful ideas for what you can do popping into your head.

Remember, I'm not asking you to just roll over and let everyone take advantage of you because you are a softy. On the contrary, displaying good manners and courtesy, especially to people who don't deserve it, requires great courage. But as the current Prime Minister of New Zealand, Jacinda Ardern, has said, "One of the criticisms I've faced over the years is that I'm not aggressive enough or assertive enough, or maybe somehow, because I'm empathetic, it means I'm weak. I totally rebel against that. I refuse to believe that you cannot be both compassionate and strong."

Oh, and by the way, it's great to know that there are still some areas in our country where good old-fashioned manners are still displayed by young people coming into their early careers. I'm so desperately looking to feel respected, that I'm actually thinking about moving to Bloemfontein myself! **SR**



Aki Kalliatakis is the managing partner of The Leadership LaunchPad, a company dedicated to helping clients become more customer driven. He can be contacted at (011) 640 3958, or via the website at www.leadershiplaunchpad.co.za



Bring home the taste!




GRAIN FIELD
CHICKENS

Click here to visit our website and like us on Facebook.



Revitalising alcoholic beverages

Going forward with responsibility

As we head into summer and the festive season, it is safe to say that the Alcoholic Beverages industry has had a turbulent year. With the Covid-19 lockdown alcohol ban lifted (for good, we hope), the industry is assessing the damage and looking to the future. With producers and retailers working together to bring life back into the category, there is also a renewed focus on responsible drinking behaviour. Minister of Transport Fikile Mbalula is adamant that ...

“ A zero-tolerance approach to drinking and driving will be implemented by December 2020, so the traditional South African festive season looks set to be slightly more restrained than in previous years. ”

Added to that is the push by big producers, most notably SAB, for more responsible drinking habits. This is in direct response to increased road accidents and hospitalisations due to drinking-related incidents that have been reported since the lifting of the alcohol ban. SAB recognises the danger of irresponsible drinking causing another ban and is adamant that the industry simply



cannot survive such an event – which means it is up to local producers and retailers to support this initiative, without hurting sales. A tough ask, but not impossible.

Mbali Zondo, Group Marketing Manager for Norman Goodfellows, shared some insights into the current and future trends she expects to see in the industry, as well as what we can expect



Are your products catching your customer's eye?

Fractional and Retail-Ready Packaging is an innovative Instore solution that allows products to be moved from factory floor to the store floor on a single pallet, to be delivered either directly within a shelf, in an aisle, or as a freestanding unit.

We have two offerings in place and more on the way. The current offering includes a 900x600 wooden platform and a 600x400 plastic platform. Both allows for innovative branding and allows for seamless integration in-shelf.



Safety for your staff
and shoppers



Manage costs
sustainably



Reduce secondary
packaging



Reignite promotions
effectively

To find out more:

Toll free: 0800 330 334 | E-mail: za-info@chep.com

www.chep.com

CHEP

A Brambles Company



from the Alcoholic Beverages category this coming festive season and beyond. She says, “I believe we will see more consumers demanding alcoholic beverages that are either locally sourced or sourced responsibly. Low sugar alcoholic beverage and tonic options are also on the rise as consumers become more health conscious. Smaller alcoholic brands will also start actively committing to stand for something bigger than just alcohol consumption.”

Trends to watch

Health first

Reduced alcohol, less or no sugar, organic ingredients, fewer additives – even the Alcoholic Beverages category is getting a health-conscious makeover, as consumers demand healthier options that are still tasty and refreshing. This is particularly noticeable in the craft and artisanal spaces, and even wine farms are making a move towards more sustainable practices.

Low or non-alcohol alternatives

‘Sparkling cocktails’ are a growing trend, according to Nielsen, as non-alcoholic cocktails gain popularity. Zondo says, “We are seeing a rise in the popularity of organic wines and beers, as well as de-alcoholised drinks. Some customers prefer to drink in a social setting, but without the hangover and adverse effects on health that come with alcohol.” She adds, “We can expect a greater variety in terms of offering in this growing category that is becoming more and more popular as people seek healthier alternatives.”



Earth friendly

As in many other food and beverage categories, consumers are becoming increasingly aware of eco-friendly practices, carbon footprints, sustainability, and packaging. This includes canned wine – once thought to be a fringe trend, these products are firmly ensconced at an international level and can be expected to hit the local market, too. “We are starting to see a more educated consumer, and this consumer wants to know that what they are drinking has been responsibly sourced and has no adverse effects on the environment,” says Zondo.

Premium products

From high-tech eco-friendly packaging to organic ingredients, celebrity-owned private labels, and top-end products, premiumisation is seeing a surge, despite tougher economic conditions. In a quality versus quantity situation, the mid- to upper end of the market is demanding higher quality products in every way.

Handcrafted options

Artisanal and craft beverages may have reached their peak in some markets, but that’s not to say

the trend itself is going anywhere. Zondo says, "There will always be a market for craft beverages, because it adds something new and exciting to the existing alcohol categories. However, what we find is that once the novelty of the craft drink has worn off, people usually go back to drinking what they are used to or the brands to which they are loyal. The craft sector is also becoming saturated and consumers can sometimes get overwhelmed by the sheer volume of choices. In addition to this, some craft drinks do not last long in the market because they are just too niche. In addition, the price difference compared to 'regular' brands can be very steep, so this does play a role in an already squeezed economy."

Whiskey in the jar

Spirits, particularly brown spirits, have a solid consumer base that has historically been dominated by mature male buyers, however, this category is gaining popularity amongst younger consumers of both sexes. "Whiskey is a loyalist category, often the people who buy whiskey spend a decent amount of time and money on investing in good quality whiskey because they are collectors," explains Zondo. "The category may not garner as much attention in the media as the gin category, because whiskey is an acquired taste, but it is still popular. The influx of Japanese brands adds an element of competition, as it introduces a new consumer and diversifies the category." She adds, "I don't foresee the influx of Japanese labels challenging existing brands, because each brand is unique and has a preferred customer."

Festive features

Internationally, consumers are looking for new and innovative taste experiences, modern twists on traditional favourites, and more variety. For the local market, Zondo says, "As warmer weather hits our shores, white wines are going to be popular, as will bubbly – either Champagne or MCC, and gins. All of these can be consumed ice-cold, and gins in particular can be paired with refreshing flavoured tonics and garnished with freshly chopped summer fruits like berries." The ready-to-drink or pre-mixed category is gaining popularity, and due to the new zero tolerance drink-drive laws, ready-made mocktails and mocktail ingredients may also see some growth as we head into the festive season. As for consumer behaviour, Zondo says, "With the festive season period upon us, we can expect people to continue to buy their favourite alcoholic drinks, but volumes could decrease due to the financial impact Covid-19 has had on jobs, salaries and economic spend. In addition, consumers may opt for more online buying to take advantage of the convenience that comes with making online purchases over standing in long queues."

Online orders

The ease and convenience of ordering online ensured that this consumer trend was already on the way to becoming a dominant sales force, particularly in the mid and upper markets, but thanks to lockdown and the alcohol ban, local consumers have increasingly turned to this method. Add to that the sometimes cheaper cellar

door rates offered by wine farms, as well as ban-inspired specials that were specifically aimed at maintaining online purchases (albeit with delayed delivery) during the alcohol ban, and you have a growing trend post alcohol-ban





Local IS lekker

Sorghum beer is a traditional staple in South Africa, although, according to the most recent report from BMi Research, the category has been losing volume for several years. To counter this, producers have “invested more in innovation and marketing to promote their products.” It is believed that the loss is being “heavily driven by rural consumer migration to urban areas, and the consequent change to drinking behaviour is either as a result of an increase in disposable income, or challenges in finding areas where sorghum beer is sold in the cities and towns.” In contrast, dry-based sorghum beer has recorded a growth, mainly due to home- and micro-brewers increasing the frequency of their brewing. Due to the challenges of Covid-19 and the lockdown ban on alcohol sales, the category is expected to reflect a decline, however, it is expected to recover in the medium- to long-term, as consumers look for lower-priced options due to the economic climate.

Extracts from BMi 2020 Media Feedback Report

Sorghum Beer Category



BMi is a full-service research house providing quantitative and qualitative research solutions in multiple sectors, including industrial and manufacturing research, wholesale and retail intelligence and shopper insights. Services include analytics, category quantification, customised insights, mystery shopping, instore research, and analysis and tracking of print and other advertising. Contact BMi on +27 11 615 7000 or visit www.bmi.co.za

BMi Report Solutions



Avoid the purchase & use of sub-standard, dangerous electrical products & services.



Download your free guide from safehousesa.co.za

SAFETM
HOUSE
Suppliers you can trust

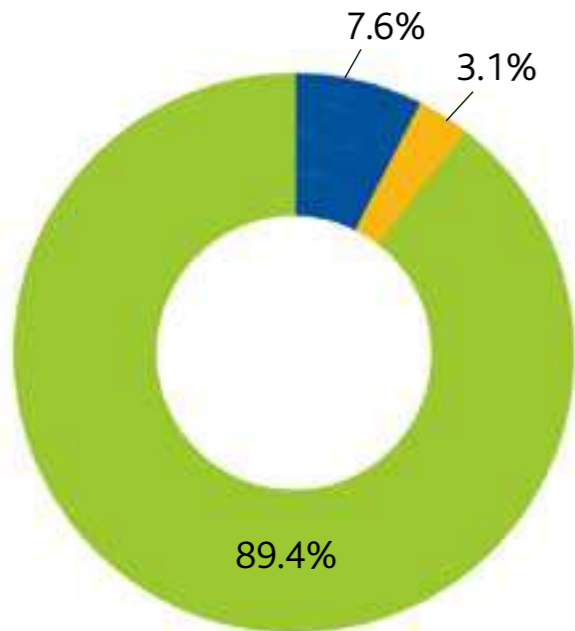




Extracts from Bmi 2020 Media Feedback Report

Sorghum Beer Category

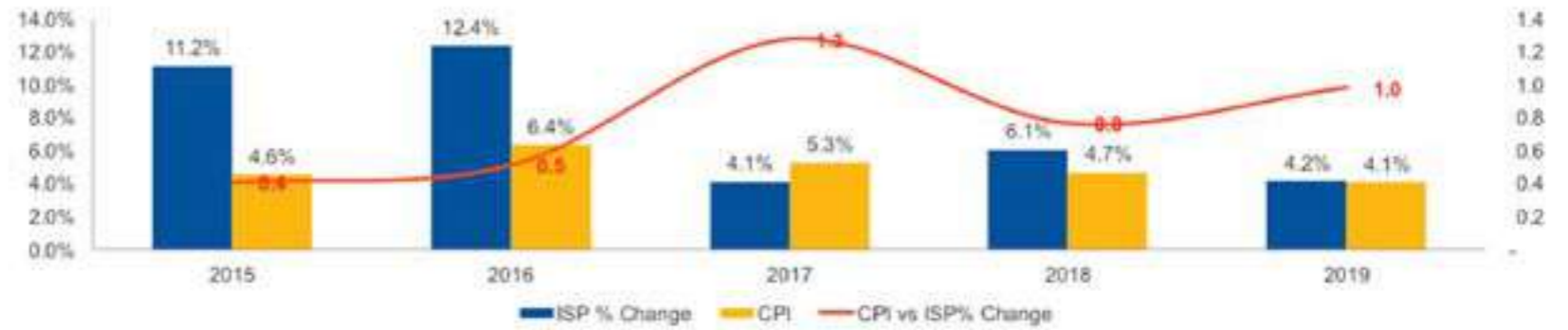
Total Market Channel



- Bottom End Retail
- Top End Retail
- Wholesale/On-Consumption

Wholesale/On-consumption is the channel of choice for sorghum beer products. This channel is easily accessible to consumers that are purchasing ready to drink (wet based) sorghum beer and to the micro brewers that are purchasing for further processing. Top end retail is mainly used by brewers who live in urban or semi-urban areas and purchase dry based sorghum beer in smaller pack sizes.

Dry-Based Market Selling Price



The average selling price of dry based sorghum beer increased by 4.2% whilst the CPI increased by 4.1% in 2019. The main driver was the increase in smaller pack sizes that cost more in Rand per kilogram terms.

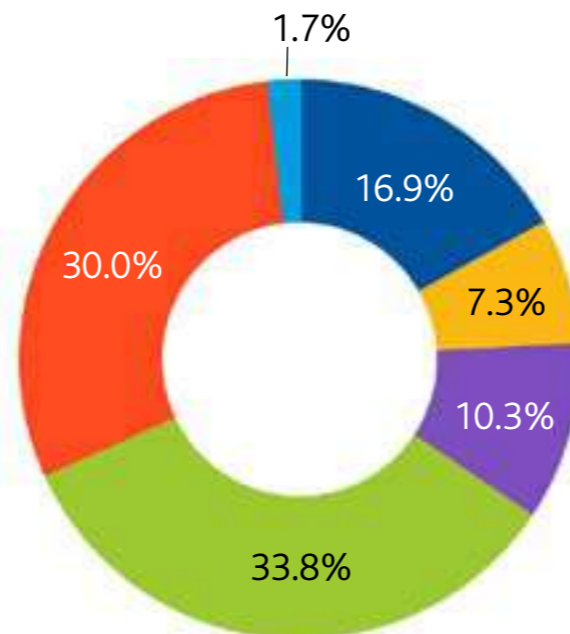
Wet-Based Market Selling Price



Wet based sorghum beer price recorded 4.3% overall increase compared to the headline inflation (CPI) of 4.1% in 2019. The low price increase may be attributed to the producers decreasing margins where possible.

Total Market Region

The product is mainly sold and used in regions that have a higher rural population. KwaZulu-Natal region continued to dominate the category at 33.8% volume share, followed by Limpopo/Mpumalanga/ North West regions at 30.0% in 2019. Western Cape had the lowest volume share at 1.7% as this province has more access to more affordable alcohol products that compete with sorghum beer.



- Eastern Cape
- Free Sate/Northern Cape
- Gauteng
- KwaZulu-Natal
- Limpopo/North West/Mpumalanga
- Western Cape





The alcohol ban

The Alcoholic Beverage category in 2020 cannot be looked at without taking into consideration the devastating effect the prolonged alcohol ban had on producers, as well as retailers. Norman Goodfellows' Mbali Zondo says, "The ban set the whole industry backwards in terms of sales targets for the year. Wine farms have been under immense pressure, as they have not been able to sell what has been harvested. As a distributor, we operate in the consumer and retail space, and not being able to sell to individual customers as well as to restaurants, hotels, pubs, clubs and so on has

impacted us immensely, so we have had to find ways to be agile during this time."

“ The long-term effects of the ban for us are that multiple restaurant establishments have closed down permanently, and that means a decreased list of retailers that we can supply to. ”

Exports were also banned for five weeks, directly impacting producers. A July article by Forbes (www.forbes.com) quoted a Wines of South Africa (WOSA) spokesperson as estimating that up to 80 wineries may have had to close their doors. South African Breweries (SAB) was vocal about the loss of jobs across the industry and the effect the ban was having on producers.

How retailers can help drive the economy

Alcoholic Beverages are quite the powerhouse market in SA, so how can retailers help drive the recovery of the industry locally? Zondo says, "I think retailers, brands and government need to collaborate more to ensure every step of the value chain within this industry is stimulated, to ensure longevity and to ensure workers are enabled with new skills to cope with a changing landscape." Operating within a limited landscape and during a time of economic hardship, smart marketing will be key. Zondo explains, "Digital marketing has become increasingly important, along with



being able to connect with your audience through meaningful service over digital and social media platforms. Marketing has become specialised in its discipline, as it is no longer a 'spray and pray' approach. How you communicate with each segment of consumers needs to be personalised and unique. The messaging must be tailored to each customer group. Integration of traditional and digital disciplines has also become critical, as customers expect to be heard in both an offline and online space." With consumers becoming more informed, and demanding to be educated rather than pitched at, informative marketing is vital. Consumers also expect a far greater degree of communication from and with retailers, and at a deeper level than at any time previously. The impact of social media on how producers and retailers engage with consumers has grown exponentially. "Social media has narrowed the gap between consumer, retailer and producer, and you don't have to physically see someone to engage with them," says Zondo. "Using data and analytics to inform your communication to consumers is also becoming important, as this evolves into data-driven marketing that is purposeful." It all comes down to knowing your market and communicating effectively what they want to hear.

Responsible drinking behaviour

With zero tolerance looking more and more like a festive season reality, and responsible drinking behaviour is gaining more traction than ever before. SAB has been active both in the news and on social



media, promoting responsible drinking across the board with their #ResponsibleTogether campaign. A recent article on IOL (www.iol.co.za) revealed that the Beer Association of South Africa (BASA), which incorporates the Craft Brewers Association of South Africa, Heineken, and SAB, had threatened to cut supply to establishments flouting Covid-19 lockdown rules. BASA chief executive Patricia Pillay also went on to mention the negative effect

excessive alcohol consumption is having on the public health system. With the industry already concerned that another ban would result in irreparable damage to an already unstable industry, the call has gone out to both producers and retailers to support responsible drinking behaviour. Social Media campaigns, more direct marketing and direct engagement with consumers are all effective ways of supporting this initiative, ensuring not only a safer festive season for all South Africans, but also a more stable platform from where the Alcoholic Beverages industry can begin its recovery. **SR**



Ann-Baker Keulemans is a highly experienced business-to-business and business-to-consumer journalist and writer. She has been published in numerous print and online platforms, writing on topics related to business, lifestyle, and health, with extensive knowledge on the SA retail and wholesale landscape. She holds a Bachelor of Arts degree in English Literature (British and Commonwealth) and Media Studies and is a member of the Golden Key Honour Society. Contact Wilkins Ross Communications at annbk@wilkinsross.co.za.





plastic ideas
crates



**WE
NEVER LET
YOU DOWN**



Tel. +27 11 613 8587
Cell. +27 83 333 1224 (Gilda)
E-mail. crates@plasticideas.co.za
[www. PlasticCrates.co.za](http://www.PlasticCrates.co.za)

Cold beverages

Pack a Punch

As the weather gets warmer and the festive season and school holidays approach, Cold Beverages come into their own. From waters and soft drinks, to fruit juices, iced coffees, smoothies and functional beverages, this powerhouse category is highly competitive with plenty of options for consumers. With shelf space at a premium and a host of innovative products arriving on the scene, it's up to retailers to make the most of this category.

As always, the most important thing when it comes to allocating space to products and brands is to know your market. Your consumers will dictate whether you stick to tried and tested household names, dedicate more space to new and exciting products, or look to generic brands for a more price-conscious buyer. Sustainability issues such as plastic waste and recycling also play a role in marketing, product placement and changing consumer habits.

Locally, the recent lockdown-related alcohol ban have had an impact on buying trends, while the proposed new drink-drive laws are also expected to have some influence on buying trends, but it may



be too soon to tell what the long-term outcome will be, leading to slightly more uncertainty in the market than would usually be expected.

Five big trends to look out for

1. Keeping it clean

Free-from beverages means drinks that are free from preservatives, excess or added sugar, and any ingredients that may be deemed unhealthy. Drinks with fewer ingredients, locally or naturally sourced, and with health benefits if possible, are becoming more and more popular.

Still or sparkling waters, with or without natural flavourings, botanical-based drinks, cold-pressed pure fruit and vegetable juices, and plant-based protein drinks are just a few examples of this growing category, and this particular segment of the market has a strong celebrity and 'influencer' fan base helping sales along. Even Henry Cavill, Superman himself, dutifully punts No. 1 Rosemary Water, a botanical drink that apparently offers age-defying benefits.

Drinks with active health claims, such as stress relief or improved memory, or that promise

a powerful antioxidant effect to aid sleep, assist digestion, and even combat wrinkles (new-to-the-market collagen drinks all fall into this category, although they are also considered functional beverages.

The same can be said for gut-health drinks such as kombucha, fermented soft drinks and probiotic-enriched beverages. Once assumed to be a passing fad, the kombucha trend has instead grown from strength to strength. Due to the Sugary Beverages Levy that came into effect in South Africa in 2018, many of the larger beverage brands reacted by bringing out smaller beverage sizes, as well as an increased number of low-sugar and sugar-free options, adding yet more diversity to the market.

2. Functional beverages

In this day and age, convenience is key. Being able to drink your snacks, or even your meals, on-the-go, is an attractive option. The rise of smoothies, meal replacement drinks and high-protein drinks is slow but steady.

Low-fat high-protein chocolate milkshakes are being touted as the next best thing in the world of post-workout recovery drinks, as 'active nutrition' informs the quest for the new generation of super drinks. Previously a card-holding member of the dairy aisle, these drinks are becoming more popular with restrictive diets like vegetarianism and veganism, as well as lactose intolerant consumers, as plant-based dairy alternatives move to the fore. According to www.usatoday.com, the Starbucks milk-alternative offerings are growing, with many



locations offering soy, coconut, and almond milk as a dairy-free alternative, and three non-dairy drinks being added to the permanent menu in 2020.

Skinny is no longer the only option for eco- and health-conscious buyers, thanks to the benefits of plant-based dairy alternatives. Which brings us to ready to consume cold teas and coffees – a growing industry all on its own. Iced coffee is

still king – popular brand Ricoffy embraced this trend by launching Ricoffy n' Ice Iced Coffee, but cappuccinos and lattes (flavoured or straight) are also catching on fast. Flavoured iced teas, particularly iced tea mixed with various fruit juices, answers the need to be refreshing as well as healthy – think Rooibos and Apple juice or Green tea and Mint, for example.

3. Mix and match

CBD-infused drinks, hemp milk, and traditional flavours with a twist are all trends to look out for. While the CBD industry is growing, and certainly appeals to younger consumers, it still needs to prove itself to a certain sector of the buyer's market.

Many health claims are as-yet unproven, and the industry appears to be mostly unregulated at this point. However, its popularity is certainly on the rise and we can expect to see collaborative products from big brands

in the near future. Market researchers are also seeing an increase in consumer requests for 'traditional with a twist', such as blood orange instead of regular orange, citrus flavours with more zing or tang, sour options with a bit of bite such as sour cherry, and certainly less sugary and overly sweet flavours. Gourmet flavours in traditional beverages, such as salted caramel or

Belgian chocolate milkshakes appeal to older consumers who are nostalgic for the treats of their youth but who now have more sophisticated palates. Internationally, markets are also seeing 'mash up' or 'collab' drinks with household favourites introducing limited edition flavours and collaborations with other brands. Whether this mix 'n' match trend makes it to South African shores this year remains to be seen, but if it does it is sure to catch the attention of younger consumers and consumers who enjoy new tastes and experiences.

4. Plastic revolution

Packaging is a hot topic for many reasons, from sustainability to modernising brands, retaining brand loyalty, and enticing new buyers. In a long-awaited move, many big international brands, including Coca Cola and Nestlé, are looking for ways to ditch single-use plastics, up their recycling, and increase sustainability. This also means doing away with excess plastic packaging and even developing eco-friendly alternatives made from plant-based fully biodegradable 'plastics. Coca-Cola works with PETCO and similar organisations to encourage and increase recycling of all their soft-drink packaging, which is one of the goals of its Let-us-recycle campaign, part of their World Without Waste vision that was launched in 2018. Coca-Cola launched aims to collect and recycle every bottle or can they sell globally by 2030.

Easy recycling options, such as clearly labelled bins, stocking cold beverage products and brands that promote sustainable or recycled packaging,



and offering more 'reusable' packaging options such as refillable water containers can increase your foot traffic and your reputation as an environmental champion,.

5. Make the most of mocktails

Thank you, alcohol ban, for reminding us that you can still make a decent 'cocktail' when you've run out of booze. Happily, this was already a global

trend, so ready-made mocktails and mocktail ingredients are already on the menu. But in the meantime, flavoured and artisanal tonics, fresh juices and non-alcoholic mixers have made their way onto consumer shopping lists and as temperatures rise (hello summer) and tolerance drops (courtesy of serving Minister of Transport, Fikile Mbalula), the festive season may see a rise in the consumption of non-alcoholic beverages.



And one for the locals...

Waterbars

Bottled water is a must for health-conscious consumers – refreshing and undeniably good for you, it is the ultimate hydrator. So how do retailers capitalise on this directly? Enter the waterbar, an attractive option for consumers that can also provide a new revenue stream for retailers. Water purification companies such as Water2go and RO Water Bars are putting years of water purification knowledge to good use, designing in-store dispensers that provide purified, ready-to-bottle water. Local retailers have been slowly but surely embracing this trend and we do expect to see the growth continue.

Understanding your market

Tailoring your product offering to make the most of shelf space, while also taking advantage of trends and innovations requires an in-depth understanding of your customer profile, something that comes with market surveys, observing and gaining insight into your community and location, and taking the time to understand and learn the shopping habits of your customer base. Once you have that knowledge, you can use it to perfect your consumer experience.

The top five trends mentioned previously will have some multi-generational appeal as they speak to lifestyle habits, personal preferences and behaviour traits that fall outside simple consumerism. But two more to consider are specialised or age-appropriate drinks, and soft drinks for adults.

Drinks targeting children or the elderly are becoming increasingly health aware. Traditional sparkling soft drinks are unlikely to go anywhere. According to a BMi Research report from August 2020, the category “enjoyed good growth in both volume and value terms in 2019”, however free-from beverages that are healthier and that provide active nutrition for both age groups are also gaining popularity amongst parents and caregivers. In addition, as Millennials get older, they are starting to demand soft drinks that are healthier, such as non-alcoholic options that are not too sugary or heavily flavoured, as an alternative to traditional sodas. Pura Soda is one of the locally available examples of this growing trend.

Cold Beverage marketing is an essential tool for retailers and covers everything from in-store banners, signage and leaflets and newspaper inserts, to online advertising and social media. According to marketing website Convince and Convert (www.convinceandconvert.com), generational marketing is make or break for online advertising and content.

Targeting specific generations according to their similarities and dissimilarities means tailoring the same message for specific markets. It should be noted, however, that any generation before Baby Boomer (born between 1946 and 1964) still relies on traditional advertising, usually doesn't have huge spending power as they tend to be retired and either living on pensions or grants, and have more set spending habits anyway. They are receptive to sales and deals and may be tempted to abandon favourite beverage brands in return for significant savings.

Convince and Convert note that social media marketing is important, but mainly for younger generations. Millennials and Gen Z – your younger consumers – prefer to learn before buying and want to be 'educated, not pitched'. Older generations take longer to make buying decisions, but also often have more disposable income so may be tempted by “new” and “improved” products. All three of these generations are increasingly health conscious, convenience driven, and demand more sustainability and accountability from their chosen brands in the Cold Beverage category.

New packaging is worth advertising, particularly if it is recyclable or more sustainable, as it increases or rejuvenates brand awareness and attracts eco-conscious consumers who are trying to minimise their environmental footprint. Sustainable practices on the part of manufacturers and suppliers is also worth marketing.

Many Cold Beverage brands are associated with sport, and this has built them into global phenomenon that extends far beyond the contents of the can or bottle.

Take Red Bull, for example, the champion of extreme sports and associated in the minds of millions with modern day gladiators who take on cliffs, track, sea and air in their quest to be the best. The power of marketing can clearly be seen here, and retailers can take full advantage of the marketing efforts of big brand manufacturers. Retailers running their own Cold Beverage marketing campaigns will be utilising Facebook, Instagram, and Twitter as powerful platforms, but must be willing to engage with consumers.

Younger generations tend to react badly to social media accounts that do not fully engage, are not able to provide satisfactory answers, or take too long to respond.

It is again important to know the economic demographic you are targeting, as SMS marketing, newspaper inserts and in-store leaflets are certainly more effective for lower income brackets whose access to online advertising and digital marketing may be limited.



Market trends

Ready to drink fruit juice

According to an August 2020 report by BMi Research, the ready to drink (RTD) fruit juice category has been under pressure. The report states that, "Players in the industry are aware that the pricing is much higher than alternative beverage categories and feel that it is one of the reasons the category is struggling to grow more.

The other challenge is that many feel the category is lacking innovation and excitement to

take it forward." Yet another concern is packaging, as RTD fruit juice is dominated by single use plastic and carton types – while the industry expects consumers to move towards more environmentally friendly packaging.

Larger pack sizes provide better value for money and the extended Covid-19 lockdown affected consumer behaviour, taking a toll on the under 280ml pack sizes. These are expected to come under the most pressure, as the BMi report says they have shown declining volume sales from 2019 to 2020 in most packaging types. The report says, "The category is expected to fall by volume of 7.7% from 2019 to 2020. This is primarily due to the lockdown and restrictions on businesses, as well as the large unemployment numbers that leave consumers shifting to cheaper beverages.

Players do feel that any further restrictions could put the economy in a position from which it will take years to recover. Many players with multiple categories are also choosing which products to focus on during this challenging time and some say that RTD fruit juice is not one of them. Long life juice is expected to lead in category growth in the future."

Iced tea, sports drinks and energy drinks

RTD Iced Tea has been on a constant decline over the last few years, with the BMi report stating, "The category has been struggling to compete with other non-alcoholic beverages in a challenging economy. Depleted consumer spending has led consumers to tighten their budgets and purchase more affordable products."

“The RTD Sports Drinks category continued to grow in both volume and value from 2018 to 2019,” states the August 2020 BMi report. This increase is attributed to consumers living more active lives and taking part in more organised exercise and sporting events. However, in 2020, it became another victim of the Covid-19 lockdown thanks to cancelled sporting activities and events. However, the category is expected to pick up in 2021 as the economy recovers and sporting events gain momentum.



In terms of volume, RTD Energy Drinks remain the fastest growing beverage category in the market. Specifically targeted at consumers who lead busy lives and engage in sporting activities, prices have been declining as competition in the sector increases. Predominantly presented in can packaging, the proposed ban on single use plastic is of little concern to this category. The BMi report says, “Garage forecourts are said to drive the volumes for consumers who are on the go and lead a busy lifestyle, where this channel is easy to stop at and make quick purchases without long queues, as well as being conveniently located.” It goes on to add that, “The category is expected to lose volume in 2020 due to recession and loss in jobs caused by Covid-19 and regain the volume by 2022.”

Mageu

Known as Mageu, Maxau, maHewu, amaRhewu or amaHewu, this traditional non-alcoholic and non-dairy drink made from fermented mealie pap (maize meal) is part of the everyday diet of over 59 million South Africans. Recovering from previous losses experienced in 2017 and 2018, this category grew by 10.9% in volume from 2018 to 2019.

The BMi report on Mageu says, “The category value grew by 15.2%, after experiencing a decline in value from 2017 to 2018.” This is for several reasons, namely producers refocussing on the product, and a population increase of almost 1 million people from 2018 to 2019, thus increasing demand. Also noted was the demand for new and interesting flavours, a similar trend that has been seen across various other beverage categories.

The report also says, “The category is expected to suffer another decline in the year ahead, with the economy entering a challenging time, where consumer spending is highly depleted due to the Covid-19 virus. Players remain hopeful that the economy will recover closer towards 2024 but are bracing themselves for a challenging year.”

Drinking yoghurt and dilutables

After losing volume in 2017, producers refocussed on the product and have seen rewards in volume growth from 2018 to 2019. BMi reports that some producers changed their formulation by lowering their sugar content, or by using low sugar together with artificial sweeteners, to comply with the

new sugar tax bill. This may have contributed to increased interest from more health-conscious consumers. Concerning news, according to BMi, is that “Some players are now very sceptical about the future of business, with many players in various industries suffering from volume declines due to Covid-19. Drinking yoghurt is no exception, as it is also estimated to fall in volume in 2020.

However, other players in this category feel that drinking yoghurt will begin to grow, as increased health benefit awareness has now sparked the need to eat and drink healthier.” Growth is expected as early as 2021.

The dilutables category has been mainly driven by dilutable dairy juice blends, cordials, and squashes. The BMi report notes that, “During the current difficult economic times, consumers are said to have purchased brands that yield a higher reconstitution rate, which offer value for money and will last longer during weak economic activities.

The countdown to summer is here...

And the Cold Beverages category is ready. The consensus is that economically we may be facing a tough period, possibly until 2024, but growth is expected, and the South African consumer is resilient. Cold Beverages may benefit from increased alcohol prices and the proposed new drink drive laws, and the category is also being driven by innovation and exciting new trends, giving it potential for growth despite adverse economic conditions.

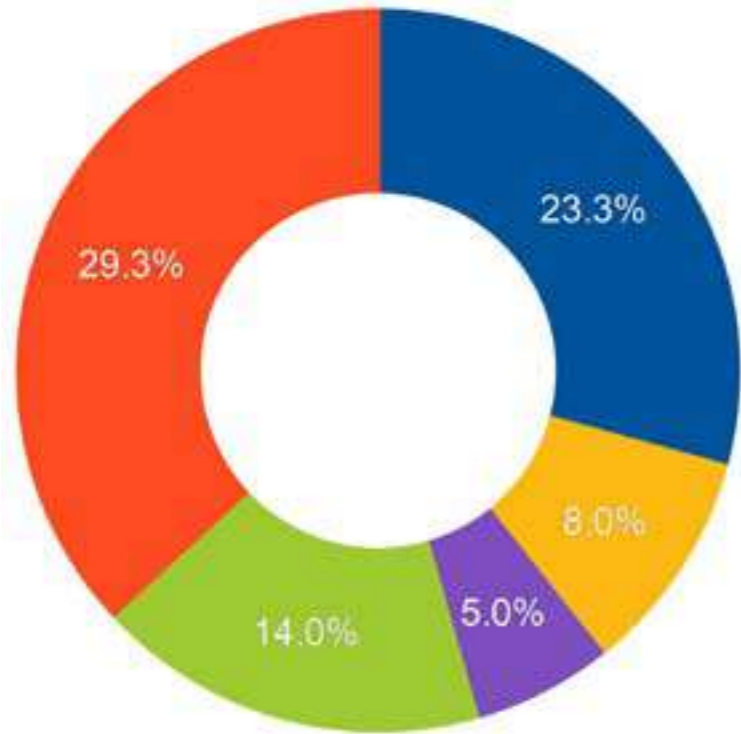
Extracts from BMi 2020 Media Feedback Reports

BMi is a full-service research house providing quantitative and qualitative research solutions in multiple sectors. Contact BMi on +27 11 615 7000 or visit www.bmi.co.za



Mageu

Channel distribution

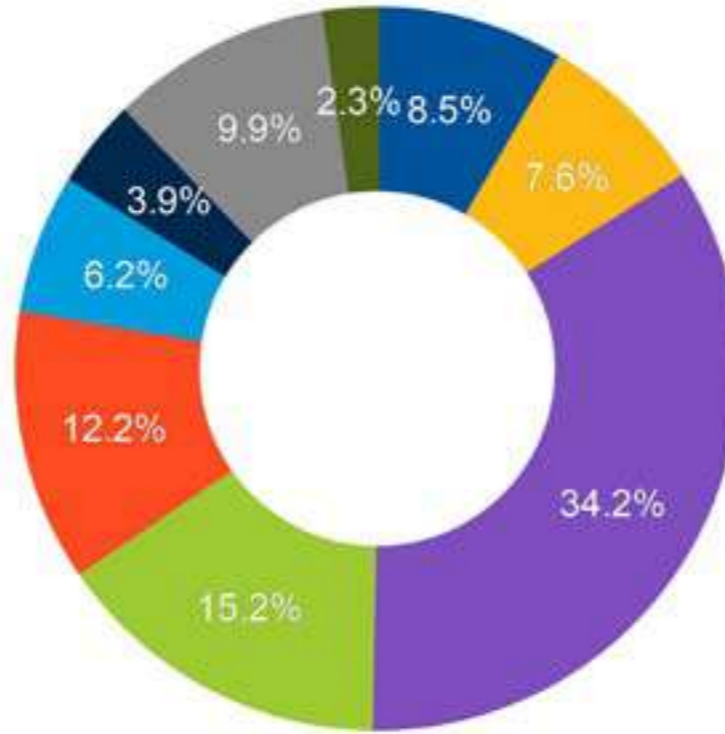


- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

Top end retail remained the primary channel for Mageu as it is known to be the most active in promotional activity and selling a wide range of brands. This is similar for most categories and not just Mageu. The channel is followed by bottom end retail and this channel is known for its convenience.

Mageu

Regional distribution

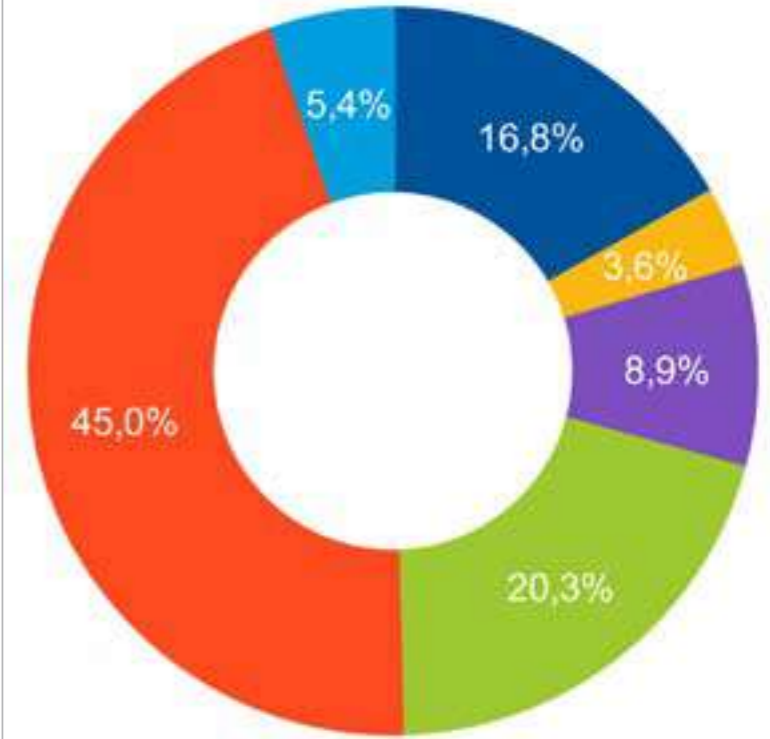


- Eastern Cape
- Free State
- Gauteng
- KwaZulu-Natal
- Limpopo
- Mpumalanga
- Northern Cape
- North West Province
- Western Province

Gauteng, which is the largest region, experienced a 10.0% growth in volume from 2018 to 2019. It is noted that this is the region that still contributes to majority of the GDP share in South Africa. There is no sign with the current infrastructure that Gauteng will lose its shareholding to other regions in the near future.

RTD Iced Tea

Channel distribution

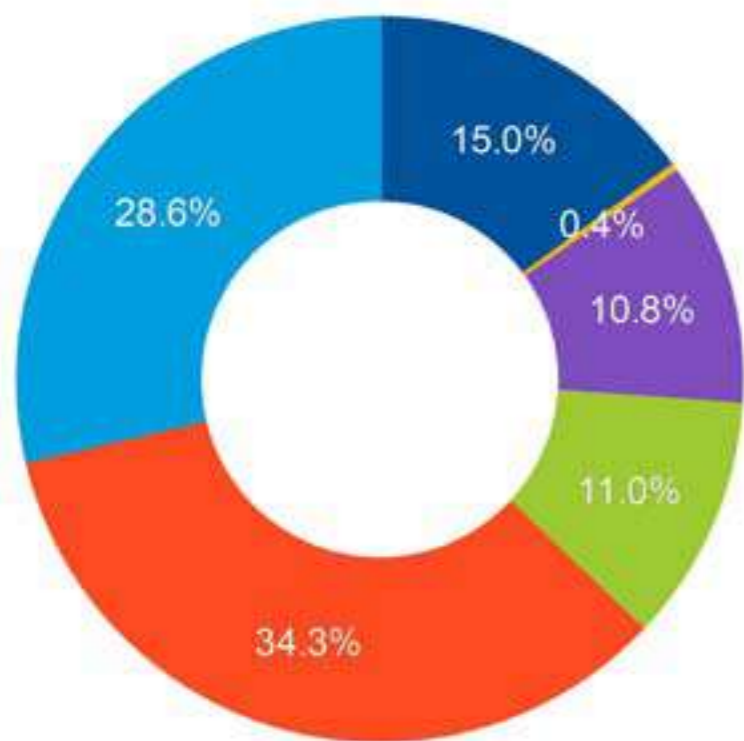


- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

Top end retail held the major volume share for the year and historically. The channel is known to cater for a wider variety of needs and offers the convenience of getting multiple items from one location, which helps a customer save time and travel costs. Garage forecourts experienced the largest decline of 5,9% from 2018 to 2019 compared to other channels. There are however expected changes as players are looking at driving volumes into both these channels going forward.

RTD Sports Drinks

Channel distribution

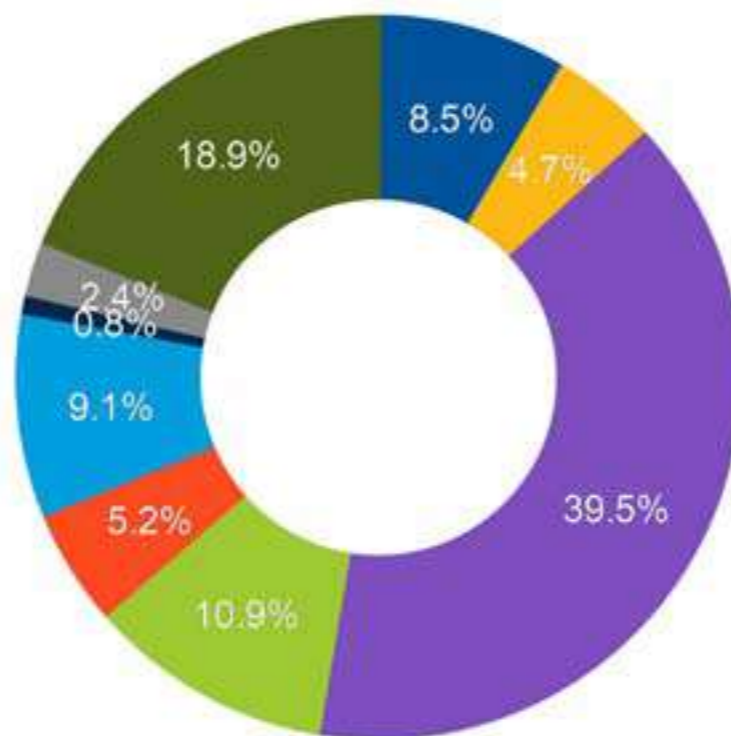


- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

Top end retail was the channel of choice for many customers in the market. The channel accounted for over a third (34.3%) of volume distributed in 2019, followed by wholesale channel at 28.6%. These channels are easily accessible to customers and also sell other sports supplements that customers purchase together with RTD sports drinks.

Drinking Yoghurt

Regional distribution

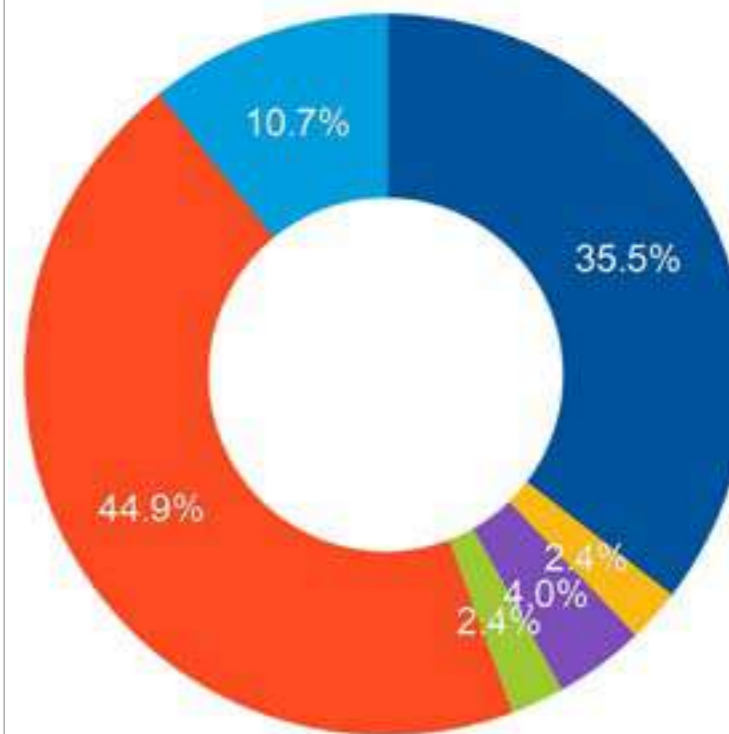


- Eastern Cape
- Free State
- Gauteng
- KwaZulu-Natal
- Limpopo
- Mpumalanga
- Northern Cape
- North West Province
- Western Province

Gauteng, which is the largest region, experienced a 10.0% growth in volume from 2018 to 2019. It is noted that this is the region that still contributes to majority of the GDP share in South Africa. The three major metropolitan regions (Gauteng, KwaZulu-Natal and the Western Cape) accounted for 69.2% of the volume sold in 2019. These regions were dominated by both the national and the regional brands and have a wide range of products and packaging to select from. These regions are expected to drive the category share during the tough economic times as they have above national average disposable income in Africa. There is no sign with the current infrastructure that Gauteng will lose its shareholding to other regions in the near future.

Drinking Yoghurt

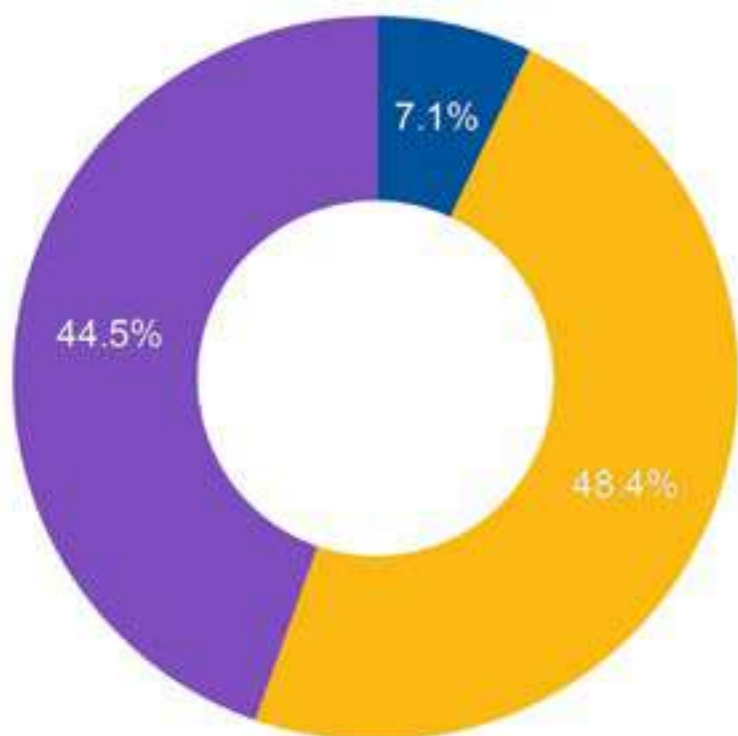
Channel distribution



- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

Top end retail channel is the dominant channel and this is closely followed by bottom end retail. Top end retail is known for its aggressive promotional activity and it is expected to continue growing and taking away share from competing outlet types. The channel is also known for online shopping and that is also expected to grow. This is a similar trend seen in many countries around the world.

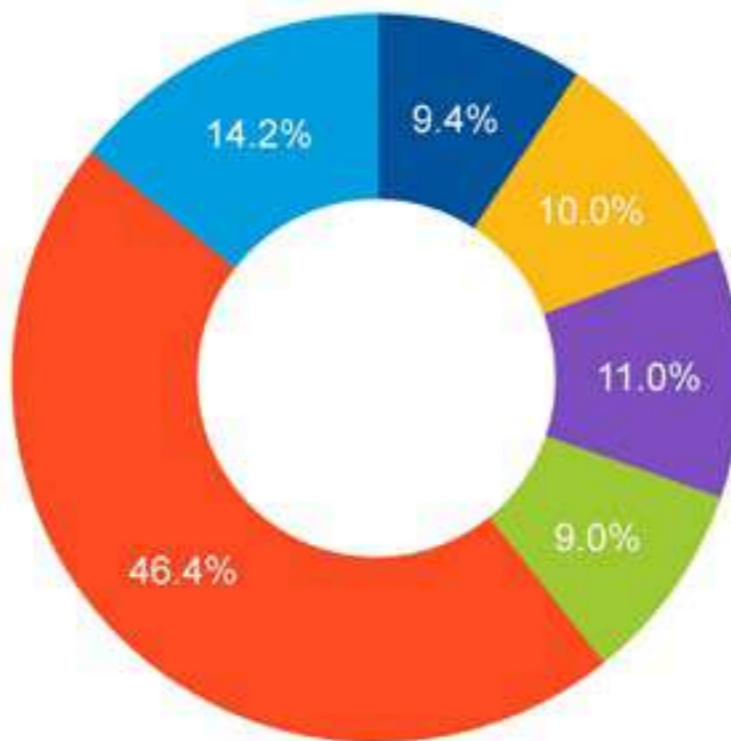
RTD Fruit Juice Product Breakdown



- Long Life Aseptic (Carbonated/Other)
- Long Life Aseptic (Pure/Nectar/Fruit Drinks)
- Short Life (Pure/Nectar)

Long life aseptic juice accounted for 48.4% of volume sold in 2019, up from 47.6% in 2018. Volume growth was attributed to pure juice that was driven through promotional and marketing activities. Carbonated juice is considered an expensive product as it is dominated by small pack sizes that yield high value in Rand per litre terms.

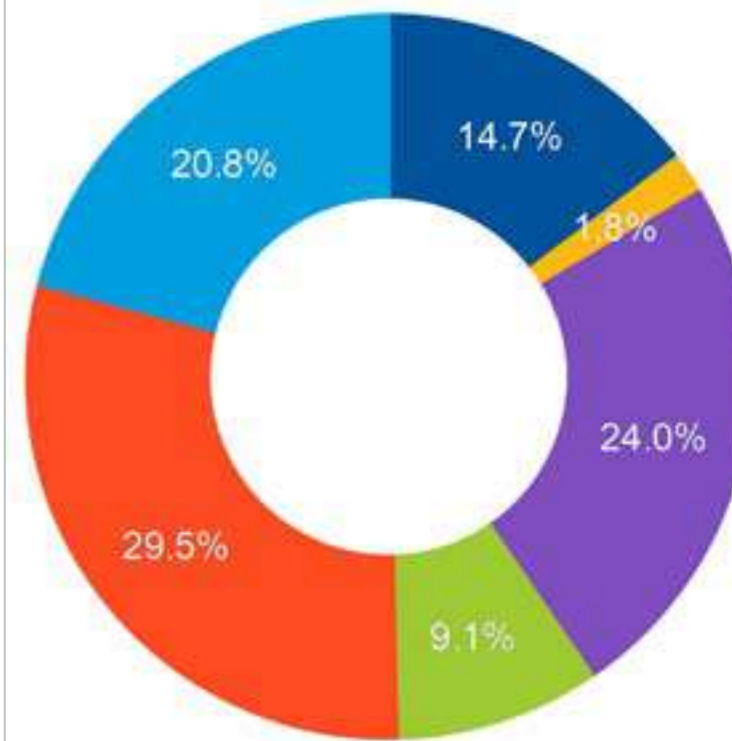
RTD Fruit Juice Channel distribution



- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

The product distribution was dominated by the top end retail sector at 46.4% volume share. The channel experienced an 3,4% volume increase from 2018 to 2019. The growth in this channel is expected to continue as it takes away more share from alternative channels. The channel is also known to be very large in the 1 litre and above pack size and promotes family size and future consumption packaging very aggressively. As consumers make the shift from smaller to larger pack sizes, this channel is expected to drive that volume.

RTD Energy Drinks Channel distribution



- Bottom End Retail
- Export
- Garage Forecourts
- On-Consumption
- Top End Retail
- Wholesale

Garage forecourts and top end retail were the two largest channels for 2019 similar to the previous year, accounting for 24.0% and 29.5% volume share respectively. This is followed closely by wholesale channel at 20.8%. Garage forecourts are said to drive the volumes for consumers who are on the go and lead a busy lifestyle, where this channel is easy to stop at and make quick purchases without long queues as well as being conveniently located. The channel is also expected to grow a lot more in volume in the years ahead as major retailers now own some of the outlets. **SR**

STOP



Sanitise hands & surfaces

medi-wipes®

100 x 80% alcohol

paper based biodegradable wipes

hand and surface sanitiser



**Small enough for school and gym bags, fits into a cup holder.
Ideal for cell phones, electronic & gym equipment,
sanitising without leaving equipment wet.**



info@santitouch.co.za
www.santitouch.co.za

 **don't just touch,**
sani-touch®

Covid-19 lockdown impacts significantly on beverage categories

By Dr Dana Braithwaite
BMi Research consultant



The bottled water, energy drinks and sparkling soft drinks categories are three distinctively different categories which have all suffered very different impacts as a result of the Covid-19 lockdown.

Bottled water

The bottled water category has traditionally seen consistent growth with annual volume growth of 7% between 2014 and 2018. However, between 2018 and 2019 the category lost 4.8% in volume primarily due to the fact that the excess volumes needed for drought relief were no longer required. In this same period, however, the category value increased by 2.8% as a result of price increases and a shift to smaller pack sizes that cost more per litre.

The Covid-19 lockdown exacerbated the volume decline in bottled water sales. Bottled water typically does experience seasonal shifts as a result of the cooler weather so a decline between the first and second quarter of any given year is to be expected.



This year, however, the decline was significantly more marked with the second quarter of 2020 experiencing a 25% loss compared to the second

quarter of 2019. The reason for this large decline is due to the fact that most consumers were at home in lockdown, during which time tap water became a real competitor to bottled water.

A large proportion of bottled water consumption is occasional and consumed out of home. Food services, including restaurants, have traditionally represented around 15% of bottled water's share of market. Most consumers don't typically consume bottled purchased water at home which was a contributing factor to this sector's large decline.

The one exception to this decline was larger bottled water pack sizes with sales of 5 litre packs remaining relatively consistent. These larger pack sizes are typically consumed by those with no access to clean drinking water. Larger pack sizes, however, form a relatively small percentage of the market. Similarly, 2 litre and 1.5 litre pack sizes – both of which tend to rely on food services – experienced significant declines.

Overall, the bottled water category is expected to continue to lose volume as the food service industry remains under pressure and as the economy continues to be constrained as a result of the extended Covid-19 lockdown.



RTD energy drinks

Energy drinks have traditionally been upmarket, premium priced products, typically coming in metal cans aimed at the clubbing and extreme sport market. The category has enjoyed double digit growth since its establishment in South Africa. Between 2018 and 2019 RTD energy drinks were the fastest growing beverage category in the market in volume terms, increasing by 21.5%.

The entrance of new players offering lower value products in larger plastic pack sizes has expanded the energy drinks market and increased the number of retail outlets where these products are sold. Increased competition has meant that, while the category has continued to grow, prices have come down as the market becomes more saturated. At the same time local players have started to offer energy drinks in more affordable plastic packaging which allowed the category to expand into lower end retail as well as schools.

While the expectation was that this category would lose volume in 2020 as a result of increasingly cash-strapped consumers as the economic impact of the Covid-19 lockdown is felt, the category only declined 9% in the last quarter. Larger pack sizes lost only minimal market share. Imported premium priced products were impacted by a slower supply chain which meant that products were not sourced as easily. However, had this category not diversified into lower end retail prior to the lockdown its volume decline would have been larger. The category is only expected to regain previous volumes by 2022.



Sparkling soft drinks

The sparkling soft drinks category is the largest non-alcoholic beverage category and any volume or value movement has an impact on the entire non-alcoholic beverage category. As a result of the size of this category, significant volume growth is hard to achieve.

The category has traditionally enjoyed stable growth in both volume and value. It increased its volume by 4.5% between 2018 and 2019 largely as a result of promotional activities. The introduction of the sugar tax in 2018, however, did negatively impact this category which saw a low 0.1% increase from 2017 to 2018.

The Covid-19 lockdown resulted in a sharp 11% decline in this category in the second quarter of 2020 despite a local manufacturing base, well developed channels and a good spread of outlets. The biggest losses were experienced in smaller pack sizes of 300ml to 380ml and 400ml to 480ml. On the other hand, 2 litre pack sizes lost only 2%. This was the result of a consumer shift towards larger – and cheaper – pack sizes during the lockdown.

Not surprisingly, cans and glass packs took a bigger knock than plastic which is more cost effective. Cans are not expected to recover for some time. Food services have traditionally been an important channel for cans and glass.

As a result of the lockdown and consequent slowdown in sales, a number of sparkling soft drinks brands stopped their advertising. Coca-Cola, for example, paused all advertising from April and only kicked off with a new campaign in the UK and Europe at the end of July with a new payoff line, 'A better normal'.

The impact of this category's decline has had a negative impact on the packaging industry given that beverages form a large part of its business.

The big question is whether these consumer behaviour shifts are here to stay or not.

For as long as the work from home trend continues, it is likely that many people will continue to remain relatively insular, staying in rather than going out after work. Disposable income too needs to be factored in given that affordability has become an issue. **SR**

Lighting and the future of physical retail

Covid-19 has accelerated the shift from physical to online retail and the future of brick-and-mortar stores is under pressure

In order to have a long-term future physical retailers should focus on offering customers a shopping experience which cannot be replicated by online retailers. It's a case of being truly innovative to attract customers in the store time and again. An important element to make this happen is lighting, including the latest lighting controls.

In a distant past, retail lighting was considered a cost-factor, its role was mainly providing enough lighting for customers and employees to move around the shop and find the merchandise. In the last decades of the 20th century a shift took place and lighting became an investment as the right lighting proved to be able to increase store sales.

One of the ways lighting manages to increase sales was optimising the presentation of certain goods in a store by slightly adjusting the spectrum of the light (by using special light sources or by adding filters to luminaires).



Picture courtesy Regent Lighting Solutions

With the conversion to LED lighting, the fine-tuning of the lighting spectrum to attract customers and enabling sales has been made easier and nowadays many LED based solutions are available for both food and fashion. For the food sector, dedicated LED's illuminate red meat, fish, bread, pastries, and fruit showing those food categories in a highly appetising way.

For fashion outlets, LED solutions are available creating lighting perfection via generating brilliant colours with pleasant warm tones and high saturation, as well as intensive and friendly white tones.

Combining LED technology and lighting controls allows the lighting to be dynamic. This enables anyone to see clothing under different light conditions in a fitting room. Traditionally this is the worst lit space in a fashion outlet, which is remarkable as many buying decisions are taken in this small space. Upgrading the lighting in a fitting room using tuneable white technology allows the customer to see a dress as it would appear on both a lunch outing or an evening event. These are the kind of unique experiences offered by physical stores which are difficult to replicate online.

The same tuneable white technology can be used across the store allowing a different look and feel for the various seasons or between sections in the store.

With LED's being a digital technology, the LED lighting installed in a store can be used for other purposes than lighting up the space, it can be used for communication purposes. Technology



Picture courtesy Megalite

embedded in LED luminaires allows the implementation of an indoor navigation system. For example, this opens the door in hyper markets and DIY stores for aisle-side promotions, and shopper assistance requests. Store lay-outs can be optimised, based on collected use data from both shoppers and staff. Li-Fi is a light-based alternative to Wi-Fi which uses light instead of radio waves to transmit data, with the potential to

be up to 100 times faster than Wi-Fi.

Another example, where lighting enables an unique proposition by physical retail, is 'grow chambers' placed in grocery stores in full view of the customers. LED-based horticultural lighting implemented in those grow chambers help in the production of super fresh organic produce with no transportation cost and no carbon emissions attributable to transportation.



Reduce your energy bills

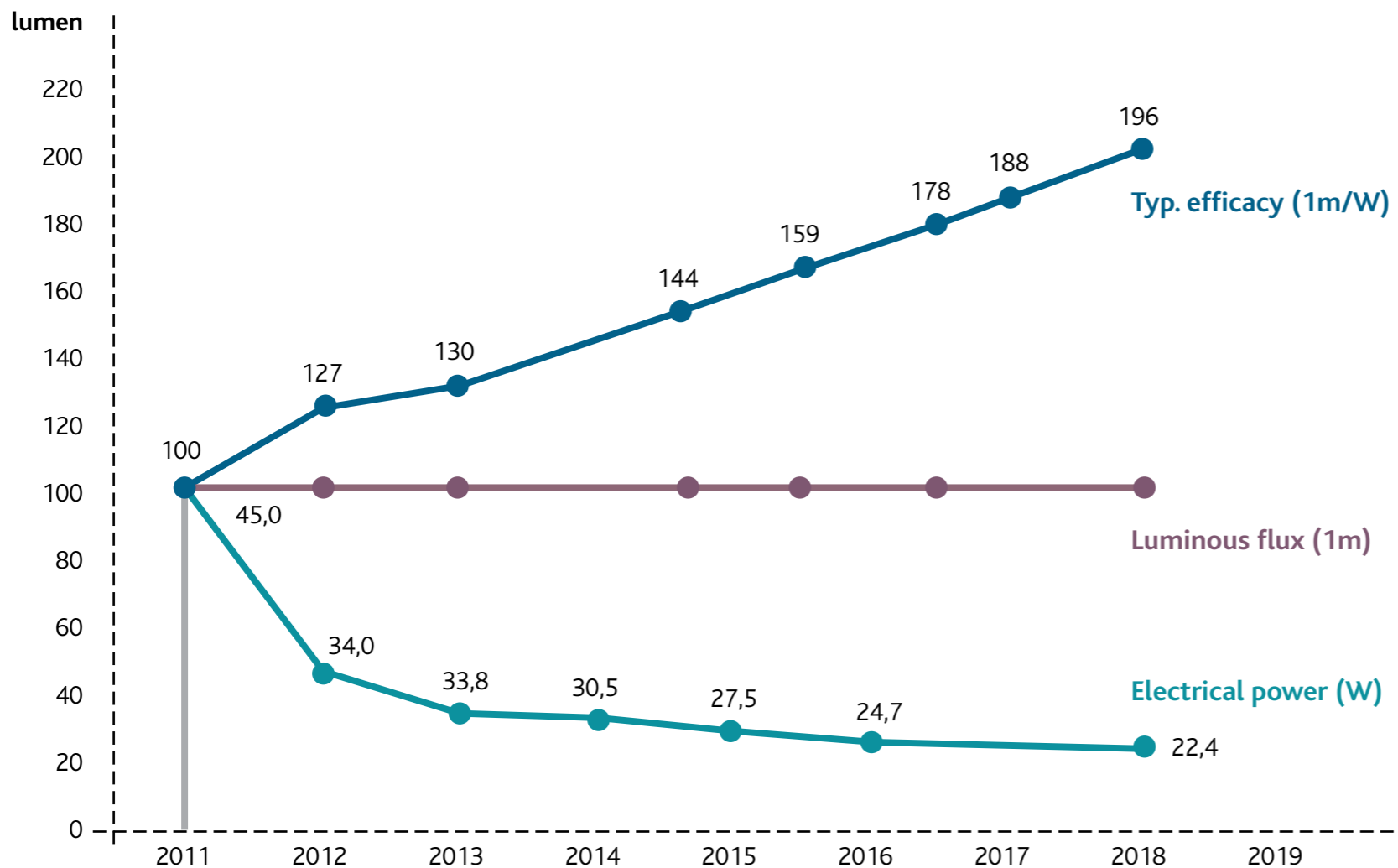
LED-based solutions, in combination with lighting controls, do not only offer exciting new possibilities, but they can also drastically reduce energy bills. LED efficacies double that of conventional lamps. They can, coupled with the directionality of LED's (meaning no light is lost in reflectors), reduce the lighting part of a stores electricity bill by 60%. A further reduction can be achieved by adding lighting controls. Additional savings on climate control are possible due to the lower heat generation offered by LED's.

LED's: combining miniaturisation and dynamics

Miniaturised, unobtrusive lighting is a major trend in retail lighting.



The increased efficacy of LED's has greatly contributed to the realisation of the miniaturisation of lighting systems. Take track-lighting: in the past this called for large spots due to the size of the conventional light source and the control gear needed to operate the lamp. Using highly efficient LED's operated by state-of-the-art electronics, allows for a high degree of miniaturisation. The electronics can be made almost invisible by 'hiding' them inside the track. The latest innovation even allows incorporating Bluetooth based wireless communication capabilities into the electronics, facilitating that other important trend – dynamic lighting solutions. **SR**



Henk Rotman is the Business Development executive at Tridonic SA (Pty) Ltd. He can be contacted at hendrik.rotman@tridonic.com for further advice. www.tridonic.com

Dairy prices need to change at grassroots level

To be in the dairy industry in South Africa in the current economic climate, is probably one of the toughest jobs around. According to the Milk Producer's Organisation (MPO), the number of milk producers in South Africa decreased from 2686 in January 2011 to just 1164 in January 2020. This means the few farmers who are left have to produce more to make it profitable; they fight a constant battle to get a decent price for their product, suggests Ian van Niekerk from Oakland Dairy.

"The problem is that dairy farmers' prices don't adapt immediately to the international market, while feed prices do adapt. Feed prices are international, while the milk price is national and there's also a delay in the adaptation of prices because supermarkets fix the price months in advance. Also, milk imports have an impact on the price farmers get for their product – as soon as it looks as if there will be a local milk shortage, big supermarket chains import milk from overseas. That means that the natural supply and demand process can't happen – farmers can't raise the price of their product. This has been the case since the world shortage of milk in 2007/2008."

Dr. Chris van Dijk, CEO of the MPO, says that



farmers should get at least R5,56 per litre of milk, but the current national average is around R5,17. Van Niekerk feels that a price of R5,70 would be acceptable for the Western Cape Farmers to make ends meet.

"If you look at the difference between what the farmer is paid, and what the product sells for in stores, it is clear that the lines that were running parallel a few years ago, have now started to diverge

causing an ever widening gap between the price the farmer gets and the price the consumer pays." Many 'small taxes' on milk, neither beneficial to the consumer nor the farmer, have been introduced over the years, for example, Milk SA takes 1.3c per litre produced and the big retailers charge a rebate as well as additional costs like listing fees that make the farmers product increasingly unaffordable to the consumer.

It's a fact that milk doesn't cost the same countrywide.

According to Van Niekerk, supply and demand, feed and transport costs are only some factors that impact the cost of a litre of milk. The picture also looks very different in various provinces. In the Western Cape, there are three big dairy companies who hold the majority share of the market enabling them to set the price paid to farmers. In Gauteng and other inland provinces, the market is much bigger and there are more stores that need to be

Naturally
at your
side.



PARIS

The plug-in freezer/refrigerator that redefines economy and lifts product presentation to an innovative level.

PARIS also maximises your sales space by means of shelf inserts, which will further increase your revenues. PARIS – an extremely efficient all-rounder that can lay claim to prestigious excellence.

ATHENS – Future proof investments in Refrigeration and Freezing

Our overall philosophy is based on four pillars.

- Sustainability
- Energy Efficiency
- Innovation
- Maximum customer benefits

“WE COOL AND YOU SELL” Plug it in, refrigerate or freeze, and sell more – that’s our motto at AHT, which has been inspiring customers and boosting their business since 1983.

MANHATTAN - Food Retail

AHT has been the experienced expertise, product and service partner for leading supermarket chains and discounters throughout the world for decades.

The sustainability of our activity is visible in our daily work, our products, and our persistent development efforts. Thinking in a forward-looking manner.

Contact Us:



Phone: 021 851 9616
Email: sales@ahtafrika.co.za
multilayertrading.com



The advantages are obvious: Product safety, lower running costs.

AHT showed a “HERO retro chest” at Euroshop that has been used successfully every day for over 20 years. AHT was already focused on energy efficiency at that time. Since then, the technology for the presentation and storage of refrigerated and frozen goods has been continuously improved through more efficient components and new control strategies. As a result, it is now possible to achieve a daily energy consumption of less than 4kWh even with units that have a net volume of 1000 litres and more.

AHT is making a clear statement in regard to the global climate discussion. The most efficient island freezers are those with the closed glass tops. We are seeing a massive drive towards the R290 self-contained units.

With this update that has been in use since 2019, we emphasize our expertise in energy efficiency. We have once again managed to reduce the energy consumption of the AHT chest freezer fleet by up to 20%. It makes us especially proud that we have achieved these savings and at the same time have also optimized product temperature safety in combination with our new defrosting concept. Thanks to this efficiency, with the update, we have managed to achieve the lowest energy consumption in the industry. By using eco-friendly propane, AHT refrigeration technology lets the environment breathe.



Energy efficiency & Cost savings are critical in every supermarket, but how does a store go about achieving concrete savings in the current climate?

Plug-in for cool sales success

AHT is the inventor of the plug-in installation: the revolutionary Plug & Chill concept makes AHT's refrigerated multideck cabinets and chest freezers the logical choice for supermarkets to buy.

Sustainable cost reduction

Thanks to the complete integration of all the refrigeration components, no additional installation costs are incurred. This ensures that AHT appliances are convenient and reduces the cost of developing and/or refurbishing supermarkets.

1998 to 2020 AHT is continuously expanding our position as a world leader – these principles guide us in everything we think and do!

In a globalized world of constant change, we as innovation leaders think it is important to act sustainably and in view to the future. It is our duty to set standards which the following generations can build upon – about environment aspects as well as the ability to finance our future.



supplied, providing smaller, private dairies a chance to break into the market.

“ The three big dairy companies in the Cape supply most of the supermarkets' milk. This makes it very difficult for smaller, private dairies to compete in this market. ”

Van Niekerk says for the past 20 years the private dairies like Oakland have operated in the informal market. “In the past we had 15 private dairies operating in the Cape, now there are only two. Oakland's focus has been on supplying the Cape Flats. Thus we have grown to the point where we can afford to buy milk from one of the mega dairy farmers. This turned us into a competitor for the big dairies so when we started paying our farmers more, they had to follow suit.”

Interestingly, Van Niekerk says that now the big dairies are moving into the informal sector at a much lower price point with secondary brands, while selling their primary brands for good money in corporate stores, further hampering the growth of private dairies. “This makes it impossible for us to pay our farmers more for their product. Oakland has now started diversifying into yoghurts and we hope to break into the Gauteng market where there is more opportunity for growth. Yoghurt has a shelf-life of up to six weeks so it makes matters easier, especially when it comes to transporting the product.”



“ Lockdown actually had a positive effect on the dairy business. It was winter, and people were home drinking a lot of tea and coffee, and also doing home cooking. ”

“Our sales actually looked better during lockdown than they do now,” says Van Niekerk.

Bertus van Heerden, chief economist at the MPO, agrees with the problem of a concentration in the processing of milk products. “The farmers certainly pull the short straw in this situation. The problem, Van Niekerk predicts, is that once the larger companies have forced out the private dairies, they will immediately up their prices, causing a negative effect on the consumer, who is already likely to be under financial strain.” **SR**

The Uber-Zoom:

The case against trade mark genericide



By Jeanine Coetzer
Associate at Spoor
& Fisher South Africa

Let's say 'Zoom' becomes a synonym for conducting online video meetings, regardless of the app used – or worse, it becomes a verb. In this way, ZOOM will lose its distinctiveness. It will become a generic trade mark, and its owners won't be able to stop others from using 'Zoom' to refer to online conferencing services.

Now, this wouldn't be a first. Over the years, many brands have come to realise the adverse consequences of a trade mark that is too successful.

Once-distinctive trade marks, like **Aspirin**, **Escalator** and **Thermos** have become generic marks: descriptive of the relevant goods or services or generally defining a class of goods or services, rather than identifying the goods or services of a particular trader. This process is known as 'trade mark genericide'.



Unpacking the trade mark

A trade mark is any word, name, sign, symbol, logo, container, shape, pattern / ornamentation, colour or combination of these, which traders use to distinguish their products or services from others'. It is an effective communication tool, with the potential to convey intellectual and emotional attributes and messages about a brand and its reputation, products and services.

The basic functions of a trade mark are to serve as a badge of origin – or as a source identifier – and to distinguish the goods or services of one business from the same or similar goods or services of another business in the course of trade.

The law protects trade marks that achieve this, by allowing them to be registered and exclusively used by the trade mark owner. As such, terms that are deemed generic are not entitled to trade mark protection, because they are in the public domain.

EXAMPLE OF A TERM DEEMED GENERIC

Consumers have learned to identify types of French fry based on the restaurant they come from. This is because the essential product, the French fry, already existed, so companies had to apply their trade mark to a product already in existence.





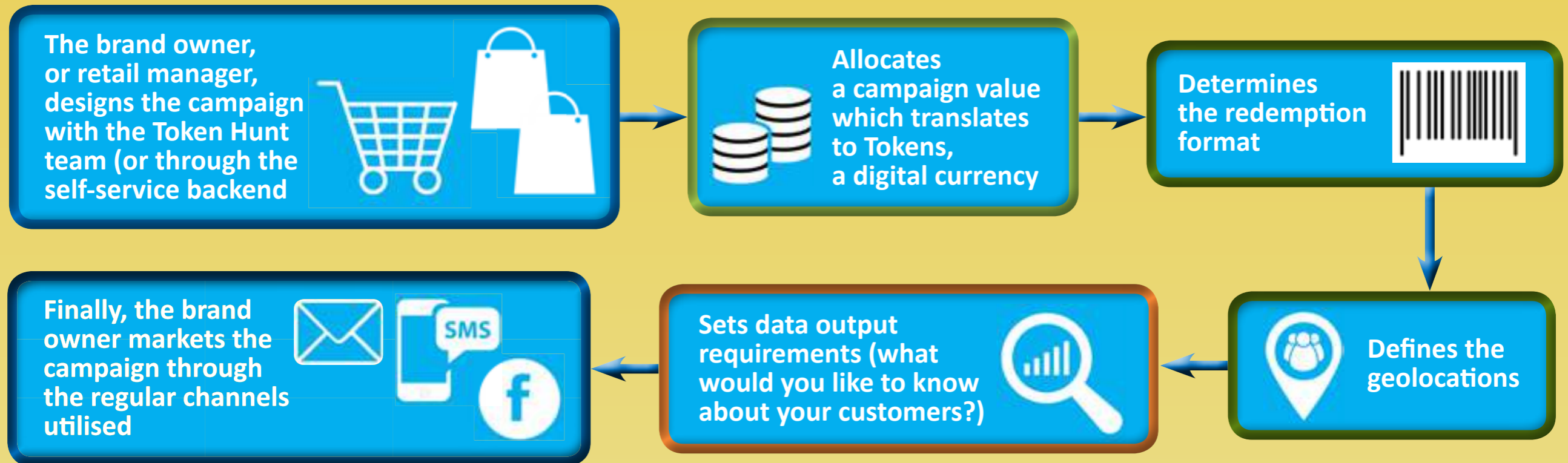
TM

Token Hunt

**A NEW GAMIFICATION SOFTWARE THAT
MAXIMIZES SALES CONVERSION**

Token Hunt provides FMCG brand owners, retail and mall managers, a gamification solution that delivers 100% on conversion to sales, but can also be used for brand awareness and check-ins.

HOW IT WORKS



During our launch phase, along with the most cost-effective and measurable campaign, brand owners will receive complimentary campaign data

Speak to us today: Antoinette van Wyk, Liquid Gold Media, antoinette@liquidgoldmedia.co.za
or **083 258 1918**

Token Hunt is 100% black-owned offering ESD benefits



How genericide happens

More often than not, genericide takes place in the realm of invented products or a new type of product or service. An often strong, distinctive, non-generic and valid trade mark enters common parlance and gradually loses its distinctiveness over time, to the point where it becomes the common name of the relevant product or service, widely used by consumers and even by competitors.

This 'death by nouning' or "death by verbing" phenomenon occurs when the public no longer perceives the trade marked term as an indicator of source, but as a description for the class of products or services. Think of **Google**, **Tweet**, **Photoshop** and **Facetime**.

When this happens, the mark can no longer serve its distinguishing function, and the company runs the risk of its brand name becoming so commonly used that a judge rules it too "generic" to be a trade mark. Goodbye protected status.

In South Africa, for example, the Supreme Court of Appeal found that **Liquorice Allsorts** had become the generic name for a particular liquorice confectionery product. The benchmark judgment was handed down in 2000 in *Cadbury (Pty) Ltd v Beacon Sweets & Chocolates (Pty) Ltd* and the Registrar of Trade Marks.

Generally, the objective is for goods or services to become something everyone wants, and for their trade mark to become a household brand. But there is a fine line between having your brand be a 'household name' and being just another house.



What brand owners should do

Astute brand owners should adopt a strict protocol for the consistent proper usage of their trade marks.

- 1.** To begin with, use your trade marks in a way that emphasises their trade mark significance; i.e. not in a generic sense, as a way to refer to the type of goods or services offered.
- 2.** A visible method you can employ in written advertisements and advertising materials (website and online marketing), is to use the ® symbol (if it is registered) or the ™ symbol (if it is unregistered), to signify that the mark is a proprietary brand.
- 3.** Preferred trade mark use should be as an adjective, followed by the general or common name of the product or service, as in **Photoshop** photo editing software, **Google** search engine, **BMW** vehicle, **Nike** sneakers, etc.
- 4.** Online monitoring is another tool you can employ in your enforcement efforts, to retain exclusivity of your trade marks.

Establishing trade mark recognition with consumers, and maintaining that distinctiveness in the marketplace, requires concerted and consistent effort, as well as strategic planning. No matter the size of your company, proper trade mark use and enforcement is essential to retaining the value and strength of your brand/s. SR

