

# SUPERMARKET & RETAILER



Business knowledge for smart retailers  
ISSUE 9, 2020 [www.supermarket.co.za](http://www.supermarket.co.za)

PROFIT FROM MARKET FIRST INFORMATION



Excavating silence:

**The immigrant Kasi spazarettes**

**Up-to-Date Powertrade  
keeps their customers  
happy – and it shows**

**The country's best butcheries**

# Contents



## FEATURES



### Excavating silence

GG Alcock investigates the immigrant Kasi spazettes, saying there are huge misconceptions about the spaza sector, the first being that the immigrants took over and destroyed the South African spaza sector and the livelihoods of local shopkeepers.

### Up-to-Date Powertrade keeps their customers happy

This recently revamped and relaunched store services Vredendal and surrounding communities, with a customer base that extends to a radius of 300 km. It has grown



from a modest fresh produce outlet 26 years ago into a powerhouse hybrid UMS-affiliated store, servicing both retail and wholesale customers in 2020. This is a success story attributable to keeping 'up to date' with consumer needs and market trends.

## COLUMNS



### Is delighting your customers enough?

For decades, Aki Kalliatakis has been encouraging his clients to come up with special ways to appreciate, thrill, and excite their customers. Across all industries, positive word of mouth and recommendations are the most powerful form of advertising and promotion. Online or offline, it is what customers now often base their main buying decisions.

## NEWS



### Research: Consumer spending

As the end of the year approaches, Nielsen has identified a range of evolving consumer groups as well as four Holiday/Festive consumer behavioural resets related to this crucial holiday period.

### Red meat industry awards

The country's best butcheries – the winners of this year's Cleaver Awards.

### E-commerce

Robots doing your shopping in new e-commerce warehouses for faster delivery.

### Research: FMCG online

Online FMCG shopping leapfrogs five years amidst Covid-19 pandemic – New users, frequency and preference skyrocket, 68% of South Africans have shopped online in the past week.

**Advertisers** Click on logo for more information



[www.supermarket.co.za](http://www.supermarket.co.za)



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.*



Join us on our various platforms ... [www.supermarket.co.za](http://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](mailto:info@supermarket.co.za)

# Formalising the R333bn informal retail industry



**Helen Maister**

**T**he power of this market is phenomenal. According to Trade Intelligence's channel report the Formal Independent industry is running at a value R175bn and the Informal Independent is valued at R158.3bn – The estimate is based on sales in FMCG including edible groceries, non-edible groceries, perishables/fresh, tobacco/

cigarettes, cosmetics/health and beauty, bakery, butchery, in-store alcohol. This is of the total R572.5bn food industry

In this issue, we look at two players that make up the market. The Wholesaler or Formal Independent and the Informal Independent who are the spaza shops and superettes. This month our 'Storewatch' features Up-to-Date Powertrade in Vredendal by Xenia Kyriacou, while GG Alcock starts us on a journey of 'Excavating Silence – The immigrant kasi spazarette'.

GG Alcock will be taking us through the different aspect of the Kasi industry over the next months. He will be discussing various topics within the informal independent market – Kasinomics!



- Spazas – hole in the wall spazas the forecourts of the Kasi
- Spazarettes / Superettes – the future of FMCG retail in SA, disrupting formal retailers
- Cash & Carry's / Midi wholesalers – a new level of wholesale & hybrid wholesalers
- Kasi fast food sector – R87 billion sector, 50 000 outlets
- Hair salons & the hair and personal care sector
- Hawkers & Table tops – from fong kong to branded products, airtime to vegetables, cigarettes & snacks, on the go food, to household appliances
- Other sectors – bakeries, township chemists, caterers, home renovators & home decor

For the most part the Informal and Formal Independents have risen to be life lines to many communities during lockdown. In some cases, they have kept essential good prices at cost and sometimes even below that. They have provided food parcels to the communities they serve at no cost to minimum cost. Charity on steroids. I want to send a shout out to all who have participated in the gift of giving.

The global retail sector is in an unprecedented state of flux and as the end of the year approaches, Nielsen has identified a range of evolving consumer groups as well as four holiday/festive consumer behavioural resets related to this crucial holiday period

Announcing the winners of this year's Cleaver Awards in a virtual presentation, Dewald Olivier, Executive Officer of The South African Feedlot Association (SAFA) says, "They have been tried, they have been tested, and they have been proven to be the very best." An initiative of the Red Meat Industry Forum, the annual Cleaver Awards, recognise the best butcheries based on quality, service, hygiene and value for money.

*Helen Maister*

**Helen Maister**



# Is delighting your customers enough?

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.

**A**round 2005 Oprah gave every single audience member a free car. Pandemonium broke out as she shouted out the words...

“You get a car!  
Everybody gets a car!”

That episode is still remembered and spoken about today – more than fifteen years later.

For decades now I have been talking about 'Delighting Your Customers', and encouraging our clients to come up with special ways to appreciate, thrill, and excite their customers. (Indeed, I even trademarked the term, although it has become so widely spread now that it's impossible to manage.)



But a recent meeting with a marketing director at one of our most supportive partners really challenged me.

The gist of her comment went something like this: "Social media has changed everything, and for a ton of money you can even get a powerful 'influencer' like Kim Kardashian to promote your products with a hashtag. People don't trust these anymore, just like they don't trust our own advertising and brand promises. But genuine influencers – people who give you a positive review and recommend your products don't need to

be paid – and they can't be bought. Where have we failed?"

Now positive word of mouth and recommendations are the most powerful form of advertising and promotion, so I launched into my script about how critical it is for businesses to delight and surprise their customers so that those same people go out and rave about them. You simply cannot ignore word of mouth, online or offline, because more and more customers across just about all industries use recommendations to make their buying decisions.

“Operational excellence is essential to your success. You have to get the basics incredibly right and make it as easy as possible to do business with you. 📌”



“If you try the ‘fancy stuff’ on a weak foundation, it’s like putting lipstick on a pig. 📌”

When I tell someone about an experience, it is relevant to their needs, it’s personalised, it saves time doing a search for themselves, and they know I’m independent.

But she interrupted me, and said, “Yes, but there are a couple of problems. First, we’d go out of business if every customer was delighted every time they came to shop from us because we gave them a choc-chip cookie or a free T-shirt. It’s not financially sustainable. And second, if we do something creative and innovative to delight them, they will maybe tell others for a while, but then it loses its power to surprise, and our competitors will probably copy it the next day.”

I was at a loss for words, because she was right. But it got me thinking deeply about whether everyone needs to be a Disney or an Apple. So

when I got back to her a couple of days later, I had some thoughts that you may find useful.

First, operational excellence is essential to your success, and you have to get the basics incredibly right and make it as easy as possible to do business with you. If you try the ‘fancy stuff’ on a weak foundation, it’s like putting lipstick on a pig. Being very good, or even being the best is not naturally remarkable – worthy to be noticed as being extraordinary and therefore remarked upon by your customers.

So you can never relax: you have to keep finding innovative ways to add value for customers. As Jay Baer put it in his book *Talk Triggers, Same Is Lame*. After all, when did you last rave about the fact that your local shopping centre has free and safe parking for customers?

Second, my marketing director friend was absolutely right about how the power of surprise is quickly lost. If you take a business like Virgin Atlantic, they were the first to offer a chauffeur-driven service to and from the airport for their ‘Upper Class’ passengers, and a neck massage for anyone who asked nicely. People started sharing this exciting service with many others, but soon it was taken for granted, and, even worse, all airlines started offering something similar to First Class passengers. (Nobody else offered neck massages though.)

Being who they are, customers kept looking for more, so in the next few years Virgin Atlantic started offering other remarkable services, such as free screens on the back of every seat, 600 entertainment channels, a small bag with some gifts for every passenger, more comfortable

seats, and an app to share a taxi from Heathrow to London with other passengers and split the costs. It seemed like other airlines just played catch-up all of the time.

Third – and this is the most important point – to get customers to come back for more, and to get them to tell many others, it's not enough to do remarkable, different, unusual and/or unique things for your customers. This is hard to repeat thousands and thousands of times a day, so we tend to focus only at special times – such as when a customer is having a crisis, or when we have a special event like 'Black Friday Deals' or an annual sale. But the key issue is that it has to be repeatable! If the special thing that you do for your customers creates an

instant spike in 'likes', or is even repeated by the person to as many people as they can get to, that is only momentary, and it doesn't spread too far unless it is absolutely legendary. It's the equivalent of a publicity stunt. It may create some goodwill, but it eventually fades away.

So the real challenge needs to be that if you want something to go viral, if you want to build a long-term enviable reputation that your competitors find impossible to imitate, it has to be repeatable – occurring for every customer every time they transact with your business. Surprises are nice, but they quickly lose their value, so you have to do the things that you can consistently implement every day, and repeat for every customer.

The impact of that may not be as dramatic or newsworthy, but it lasts far longer and customers continue to love you and your brand.

That is what the past few months of my columns have been about: using human interactions to bring a smile to the faces of our customers, or to sprinkle them with some magic that makes them feel good, that makes their day. Then you won't have to give away cars like Oprah did. **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](http://www.leadershiplaunchpad.co.za)

Bring home the taste!

FARMERS PRIDE

Ed van die ykb member of the

PROPERTY SOUTH AFRICA

GRAIN FIELD CHICKENS

[Click here to visit our website and like us on Facebook.](#)



# Excavating silence: The immigrant Kasi spazarettes

While Shoprite, Pick n Pay, Spar and other formal retailers slug it out against each other for the purse of the consumer an invisible giant is awakening in the informal sector which is winning the purse and growing faster than the formal sector. This giant is not a single entity but a multitude of small informal shops who form an invisible matrix in the informal economy. Witness the rise of 'spazarettes'. A spaza is a hole in the wall offering small run out and top up products whereas the spazarette is more a superette albeit an informal one. And this sector of 100 000 plus stores are part of a Kasinomic Revolution which is revolutionising and disrupting the formal retail sector.

There are huge misconceptions about the spaza sector, the first being that the immigrants took over and destroyed the South African spaza and destroyed his / her livelihood. This is blatantly untrue. The arrival of the immigrants some 8–9 years ago now coincided with the death of the south African spaza strangled to death by the entry of formal retailers like Shoprite, Pick n Pay, Spar, Boxer, *et al* into the townships. The South African could not compete and retreated into emergency



supplies like headache tablets and spice sachets with very little profit or turnover or moved into culturally relevant fast food.

When the immigrants arrived led by Somalis fleeing the horror of Somalia's civil war and Black Hawk down chaos they arrived to townships with

shuttered spazas and rented these from South Africans. Today South African homeowners earn R20 billion+ a year in passive rental income from immigrant traders who have transformed these shuttered spazas and taken on the formal retail giants, and giving them a run for their money.





85% of the approximately 100 000 spazas nationally are immigrant. Four immigrant groups dominate the spaza sector, Somali, Ethiopian, Bangladeshi & Pakistani with the first two being dominant in terms of numbers. But there is a massive misconception about the spaza sector, that they are hole in the wall, expensive, dirty and stock fong kong brands. This may be true for some, but a sector of spazas which I call spazarettes has emerged, these are supermarket and cash & carry style stores, with aisles, large ranges of quality branded products, premium shopper experiences and, most importantly, prices on par or cheaper than the Shoprites and Pick n Pays of the world.

I believe that the spazarette channel represents a critical channel for food availability this was very evident during the lockdown. Apart from anything, they are close to consumers and limit exposure to queues and crowds that we are seeing in supermarkets and malls.





# 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@sanitouch.co.za](mailto:info@sanitouch.co.za)  
[www.sanitouch.co.za](http://www.sanitouch.co.za)



 don't just touch,  
**sani-touch®**



*I wrote this story over lockdown in a series I called:*  
**Excavating Silence**

**A**li is a bright and breezy Somali, who has been in South Africa for nine years. He has a SA ID and SA drivers' licence, so he is not an illegal resident. In fact many immigrant traders from Somalia do have some form of legal paperwork. The Somalis coming from a conflict zone can get official asylum status, the other three groups that make up the majority of the spaza sector, Ethiopians, Bangladeshis and Pakistanis are economic refugees and generally struggle to get asylum and as such are often illegally resident. His business is registered with CIPC and relevant municipal requirements.

Since his arrival in SA in 2011 Ali's business journey has been extreme. Ali started working for a hole in the wall spaza in an informal settlement called Mayibuye in Tembisa. He worked there for two years saving every spare cent he was paid and saved about R20 000. Then he left the spaza and started a "cash van with my cousin Ahmed, supplying eggs and bulk airtime to the spazas." He did this for another two years but "we were robbed many times." They were robbed by robbers and police, he adds "the police demanding bribes and the robbers demanding all the cash." Immigrants are a huge target for crime as they are vulnerable and often illegal, worse even if they are legal, if they report a crime to the police the police tell them "you are illegal, so nothing illegal can be done to you."



The robberies got worse and Ali looked around for a job in a shop. "In November 2015 a friend of mine Hassan and his three other partners requested me to manage this shop where I am now. They gave me a 25 % share. From then we expanded and opened three other outlets in Tembisa namely Freedom General Dealer 2, 3 and 4."

Freedom General Dealer is on a busy intersection in Tembisa. His store is what I call a spazarette, a supermarket type spaza with aisles, a huge range of brands and product sizes all priced on par or cheaper than formal supermarkets. There are



approximately 30 000 spazettes, and a further 70 000 hole in the wall spazas. At the back of the neat store with five shopping aisles is his 'wholesaler' section where he sells bulk goods to hawkers and local food outlets that sell food like kotas, amaplati, vetkoeks. This wholesaler section contains bags of sweets, large multipacks of savoury snacks for hawkers, and for the fast food sector big bags of flour and maize meal and 20 litre oil for vetkoek, pap and meat or slap chips meals.

Ali offers credit without interest to the locals, and any given month he has loans of up to R10 000 for food items bought by between 50 and 100 gogos and moms. He only gives credit to gogos and moms, "only the trusted neighbours, moms and gogos, they're reliable to pay back," he says. "I also give charity," he adds. "The local councillor will come by and ask for supplies towards someone's funeral in the community, maybe they were a poor person. We give free food towards these."

Ali rents the property from a South African and pays R5 000 a month. This rental is an often ignored benefit of the immigrant spaza sector. I calculated in *Kasinomic Revolution* that the spaza sector pay upwards of R20 billion a year in rental to South African homeowners. Money they will continue to pay to the homeowners if they continue to trade during the lockdown – an important and much needed income.

Ali does not see the formal sector as his main competition. He says, "My main competition is other spazettes, but recently a Pick n Pay, opened close to me, so for now they are competition."



A recent survey showed that these spazettes are on average 5–10 % cheaper than formal retailers on a basket of branded groceries. Add the cost of transport to a formal retailer and that cost saving could be higher. Add the inconvenience of public transport or carrying your heavy goods like bags of rice, maize meal, canned goods, litres of cooking oil and suddenly the massive attraction

and competitive advantage of the spazette becomes irresistible.

Township shoppers now benefit on a number of levels, the shopper can now get cheaper, or priced on par, branded products at the Spazette right down the road from their home. Shoppers are saving on transport, which can be a large part of shoppers' budgets, plus the spazette will arrange



an assistant with a wheelbarrow or cart to help transport home larger staple items.

Spazarettes give interest free credit at critical times of the month when consumers have no money and would otherwise resort to loan sharks to afford food. Add the inconvenience of public transport or carrying your heavy goods like bags of rice, maize meal, canned goods, litres of cooking

oil and suddenly the massive attraction and competitive advantage of the spazarette becomes irresistible.

This spazarette sector will continue to disrupt formal retail and in many ways is the future of retail in South Africa. It is a sector which we need to learn more about and engage if we are serious about retail. **SR**



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

# Want to improve your efficiency and profitability?

Integrated retail  
management  
solution

giving you the edge



Retail



Enterprise



Mobile



Financial  
Integration



Loyalty



eStore



eReplenish



Value Adds



Fuel

+27 21 556 2724  
webinfo@archsoftware.co.za  
www.archsoftware.co.za



# Keeping 'up to date' with consumer trends

## Up-to-Date Powertrade keeps their customers happy – and it shows

### Business overview

Up-to-Date Powertrade in Vredendal, Western Cape continues to live up to its name, growing from a modest fresh produce outlet 26 years ago into a powerhouse hybrid UMS-affiliated store servicing both retail and wholesale customers in 2020. This is a success story attributable to keeping 'up to date' with consumer needs and market trends.

Currently, the recently revamped and relaunched store services Vredendal and surrounding communities, with a customer base that extends to a radius of 300 km. Because many of the communities in these areas have



*From left to right: Fermino Gomes, Executive General Manager, UMS Southern Division; Steve Hagen, Regional Manager, Tiger Brands: Grains Division; and Gustav Lutz, Owner of Up-to-Date Powertrade.*

limited access to shopping facilities and specialised retail outlets, Up-to-Date Powertrade has evolved to cater for almost every need, with a massive grocery range, a variety of fresh fruit and vegetables,

butchery and deli, home and general merchandise such as electric fittings, furniture and plasticware, cigarettes and tobacco products, airtime, and much more, to cater for the many requirements of their

diverse customer base.

The store is a member of Unitrade Management Services (UMS), which owns the Powertrade brand. UMS is a voluntary trading organisation offering services, products and

bulk buying power to independent wholesale and retail business owners in the Southern African market. The partnership with UMS has facilitated the store's growth, enabling owners Gustav and Rene Lutz to expand their footprint across the Western Cape.

### Growth over the past 10 years

Since opening in 1995 as a fresh produce wholesale outlet, the store expanded into a hybrid wholesale/retail outlet under the Powertrade brand in 2010. There have been many challenges along the way, not least the Covid-19 pandemic. However, after not only



weathering the storm, but indeed prospering, in 2020 the store underwent a revamp, expanded its offering, and entered the digital economy.

Gustav Lutz originally opened the store in Vredendal as a fresh produce outlet for the purpose of selling surplus produce from his Lutzville fruit and vegetable farm. The farming community of Lutzville lies 27 km from Vredendal. Vredendal is a small but prosperous town, and the administrative and commercial centre for the area between the Northern Oliphants River Valley and Southern Namaqualand districts in the northern part of the Western Cape.

In October 2009, Gustav accepted an offer to join the UMS family. They moved into larger premises in Vredendal and incorporated the UMS Powertrade brand into their store. In 2010, the new partnership was celebrated with a revamp and a relaunch of the store, which had now grown from the original 280 m<sup>2</sup> to 1 400 m<sup>2</sup> – a tribute to their market appeal and community support, which had burgeoned since the early days.

“The Lutz family has been in the area for generations and is firmly entrenched in the community. Consequently, Gustav has a deep and empathetic understanding of the people – their needs, challenges, and preferences,” says Fermio Gomes, Executive General Manager, UMS Southern Division. “For Gustav, the store goes far beyond simply conducting business in the district – it is an integral part of many communities in their distribution area, providing a critical social and economic hub. Although other corporate



*Amidst much enthusiasm, shoppers explored savings, competitions and promotions during the reopening celebrations of Up-to-Date Powertrade in Vredendal on 23 and 24 October 2020.*



*Bumper bonanzas for all – food hampers, competitions, and prizes during the October/November 2020 relaunch.*

supermarkets operate in Vredendal, Gustav enjoys enormous support as he is seen as a community patriarch and a man of enormous humility and respectfulness. It is, therefore, a privilege and pleasure for UMS to partner with Up-to-Date Powertrade, to provide the business with improved buying power and access to a wider range of affordable products and services.”

Following Up-to-Date Powertrade’s second major revamp in 2010, the store relaunched again on 23 and 24 October 2020, with an expanded trading area, refreshed branding, and extended delivery range. The celebrations kicked off with deep-cut promotions and competitions for shoppers.

Prizes included grocery hampers and vouchers to the value of R20 000. Other prizes included TV sets and Weber braais, with the store’s specials and competitions continuing into the month of November.

**The store**

With the 2020 relaunch, branding and presentation have transformed the store. Supplier-sponsored signage – as well as fresh coats of paint – revitalise the walls and entrances, while indoor and delivery vehicle branding broadcast messages of ‘We love our customers’ and ‘Bigger savings Better living’.

As the Covid-19 pandemic set in, which overlapped with the store’s relaunch, product displays in the current sections were expanded to provide a wider range to customers, especially in the sanitising/disinfectant section. Unsurprisingly, their sanitation, health and hygiene product range has burgeoned.

The prices of certain essential products were also reduced. Most importantly for outlying areas and vulnerable communities, the delivery service – already intensely utilised – was expanded in terms of the number of delivery vehicles, and additional delivery routes with more regular delivery schedules. This included home deliveries, which were stepped up with a reach from Loeriesfontein up to the Richtersveld. In accordance with gazetted Covid-19 regulations, a certain limit was placed on in-store customers at any one time, temperatures were scanned, and hands sanitised when entering the store. Now, the store still follows stringent



health and safety measures, with the store itself sanitised at least twice a day – every morning and evening.

**The show goes on**

Even during a pandemic, business continues, and Up-to-Date Powertrade’s relaunch highlights its growth areas. With the October 2020 upgrade, the store specifications show an impressive increase since 2010, with a three-fold rise in staff complement and a similar increase in trading area (See table below).

**What’s changed in their market?**

The partnership between Up-to-Date Powertrade and UMS has certainly made it possible to establish this community store as a favourite among local retailers and shoppers. At the cog of the store’s success, however, is the business acumen and customer-centric values of owners Gustav and Rene Lutz. Their ‘people before profit’ approach was very evident during the pandemic.

“We are very aware of the negative influence the current economic circumstances are having on all consumers, and for this reason we decided to lower prices on certain products,” explained Gustav at the 2020 relaunch. “Without UMS and our suppliers, these reopening promotions and all the improvements in the store would not have been possible,” he adds with his customary humility.

**Up-to-Date Powertrade saw an approximate three-fold growth in the last 10 years**

| Specification    | 2010 launch of UMS partnership | 2020 relaunch        |
|------------------|--------------------------------|----------------------|
| Trading area     | 1 400 m <sup>2</sup>           | 5 500 m <sup>2</sup> |
| Staff complement | 40                             | 120                  |
| Checkouts        | 12                             | 15                   |



**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](mailto:crates@plasticideas.co.za)  
[www. PlasticCrates.co.za](http://www.PlasticCrates.co.za)

The pandemic certainly changed the behaviour of their market, and they have had to adapt the store and their services, for example, by introducing online ordering and home deliveries. Customers can call, email, or post their order on the store's WhatsApp group – depending on their level of savvy with, and access to, various devices and platforms.

### Innovations and upgrades

- With the 2020 upgrade, a strategic decision was taken not to add any new sections, as the store already included all categories needed to service their customer base – an exercise in market intelligence spanning 25 years. However, existing departments underwent major renovations and improvements in both service, display, and product range. The two existing ATMs are also still on site.
- A special focus was given to cost-effectiveness, safety, hygiene, and a service tailored to the difficult circumstances of many of the communities in their distribution footprint.
- Their recently introduced WhatsApp broadcast group provides streamlined communication with their existing customer base. News, information, and special offers are broadcast each month, including information about changes in product ranges and lowered prices on different products – allowing customers to stock up for their various needs on a rotational basis.



"We are continuously aware of the impact that the lockdown has had on customers – and continues to have. Striving to provide offerings to suit our customers' pockets is constantly foremost on our mind," says Gustav.

"All our suppliers, as well as UMS and their team, have made this possible and continue to do so."

### Warehousing and deliveries

Storage and merchandising are organised according to the following categories:

- flour, rice and other dry products
- soft drinks, water, sweets and snacks
- toiletries, hygiene and sanitation products
- furniture and appliances
- cold storage facilities for meat, vegetables and dairy
- freezers for meat, poultry and dairy products.



“In a multi-dimensional hybrid store such as ours, it is of utmost importance that the well-ordered and well-organized storage of all types of goods is assured,” says Gustav.

In the warehouse, each storage area has a forklift driver who ensures product rotation, monitored by a divisional head. Strict general compliance with health and sanitising rules is also constantly monitored, for example, regular spraying and routine prevention practices.

Deliveries are made directly to specific areas after collation of orders per district. After receipts are issued, orders are confirmed. Stock quantities are then meticulously checked. Essential documentation is required (invoices, delivery notes, etc.) before a goods receipt is issued.

The system is geared up to receive, process, and produce packed products per delivery area ready for sale in the minimal time possible. Since 1995, this system has been evolving and is constantly refined as the store’s market base and product range expand. Today, Up-to-Date Powertrade reports that they have managed to meet client needs efficiently and cost-effectively in all areas within their distribution range.

### **The supplier opportunity**

The Lutz’s are passionate about supporting local suppliers and entrepreneurs – especially since this is where their origins lie.

This is especially true of their fresh fruit and vegetable range. Gustav explains: “Vegetables and fruit are purchased firstly from local suppliers,



*Ready for the road and sporting the stores 'Bigger Savings, Better Living' branding.*

and then from producers based in other areas of our country.” Naturally, as they have grown, their supplier base has extended, but is still very much inclusive of local produce.

Ever supportive of the entrepreneurial spirit, Gustav says that Up-to-Date Powertrade provides an opportunity for any entrepreneur who wants to come and introduce a product. “It is our passion and we always encourage suppliers to approach us

with ideas and new products, which we will test in our target market.”

Gustav acknowledges the advantages of now being part of the UMS independent buying group, which includes a solid, reliable, and quality supplier base. There is also the freedom for the store to implement its own innovations. As an example, they introduced a furniture division after a needs assessment in 2016.



*Bulk purchasing is the mainstay of many communities in the area. Monthly bulk price cuts are varied on a rotational basis to allow shoppers and stokvels to stock up on all their various needs through the year.*

### **Target markets, building the business and expanding the footprint**

Up-to-Date Powertrade services a market that demands:

- value for money
- convenient deliveries
- customer service
- bulk purchases with a cost advantage.

Juggling all these demands is “probably the most interesting part of a business, in my opinion,” says Gustav.

“Although you can’t be everything for everyone,” he says, “you can monitor what type of client is increasingly buying, and what they are buying more of, allowing you to deliberately concentrate on satisfying that client.” The contribution of staff

in this regard is critical. “There is a finely-tuned interaction needed to keep staff sensitive to clients’ needs, as well as to supplier input.”

Building and expanding the business has required the Lutz’s to remain competitive over the years, as well as to continually provide viable services and products even in a stressed economic climate over which one has little or no control.

“Staying closely attuned to your client’s changing needs, and negotiating the right price, is a balance that is always being pursued,” explains Gustav.

Some of the additional departments added over the years as the result of regular needs analyses include a butchery, bakery and, as mentioned, a furniture division.

“It is very important to me that we remain part of the communities around us, rather than simply a spectator or visitor. It makes for a deeper penetrating and longer-lasting footprint.”

### Communicating with customers

Customers, both retail and wholesale, have these communication and information channels available:

- direct service in-store
- cell phone or landline
- email
- WhatsApp and Facebook
- Radio Namakwaland, which beams out all the latest information on store specials and has a wide reach in the Western Cape.

### Perseverance pays off

Since 1995, what was a small Vredendal fresh produce store has seen enormous growth and renewal, for which the Lutz’s are very grateful. However, the journey has demanded perseverance, original thinking, and the forging of strong partnerships.

Gustav explains: “This is a ceaseless, persistent process requiring a carefully monitored interaction between...

- good, healthy management
- implementation of reliable technology
- always being sensitive towards clients’ needs
- building trust with suppliers and partners.”



Collectively, these factors have allowed the store to prosper by providing the best possible prices and a sustainable, quality service and product. **SR**



Xenia Kyriacou’s professional background includes a PhD in science education. She is a highly experienced writer, including educational materials and textbooks; academic writing and editing; web content creation; and general journalism for trade and consumer magazines. Contact Wilkins Ross Communications at [xenia@wilkinsross.co.za](mailto:xenia@wilkinsross.co.za)

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



Download your  
free guide from  
[safehousesa.co.za](http://safehousesa.co.za)

**SAFE<sup>TM</sup>**  
**HOUSE**  
Suppliers you can trust





# Consumers gear up for a festive season like no other

The global retail sector is in an unprecedented state of flux and as the end of the year approaches, Nielsen has identified a range of evolving consumer groups as well as four Holiday/Festive consumer behavioural resets related to this crucial holiday period.

Nielsen Retail Intelligence MD for Sub-Saharan Africa Kelly Arnold comments; "As the end of the year approaches, upcoming festivities are going to look very different for consumers depending on where they live, what restrictions they face and how Covid-19 has changed their spending habits. However, the reality is that the 'golden quarter', the crucial holiday trading period is already underway and with the continued spread of the virus and ongoing restrictions, this year's festive period will be unlike any other.

## Evolving consumer groups

Against this backdrop Nielsen has identified five different consumer groups that indicate how financial and physical restrictions could manifest leading up to the festive season.



**1. Constrained and Restricted consumers** have suffered income loss as a result of Covid-19 and have less money to spend and also have less freedom to physically congregate and shop for their holiday needs due to local restrictions to travel, business openings and social interaction. As a result of limited physical shopping, they may have less opportunity to shop around for the best deals and assortment.

**2. Constrained but Free consumers** have also suffered income loss and are likely to have a savings mindset as they prepare for the festive season but because they have no physical restrictions, they will have more freedom to celebrate with others and to seek the right products and price points to suit their needs.

**3. Cautious Middle consumers** have not yet been impacted financially and their celebrations are not limited by local physical restrictions. They are more likely to be cautious spenders and may prioritise occasions and gift giving with only those closest to them.

**4. Insulated but Restricted consumers** have not been financially impacted by Covid-19 but festivities will be impacted by local physical restrictions. Smaller gatherings may curtail normal spending and encourage self-indulgent celebrations. Financial flexibility will drive these consumers to splurge in some ways to compensate for experiences that are no longer possible (e.g. travel).

**5. Insulated and Free consumers** have also not been financially impacted by Covid-19. While their social interactions may not be restricted, their typical celebrations may be affected by those unable to be with them this year. These consumers are likely to spend the most freely and to exhibit pre-Covid-19 holiday behaviour.

### New purchase behaviours

To help chart the behaviour of these consumers, Nielsen has also identified four emerging patterns to help predict the drivers of pandemic purchase decisions in future. When applied to the context of the many upcoming holidays and year-end festivities, these reset patterns now highlight some important new behaviours that could emerge this season.

#### Basket reset

Holiday spending and gifting will be refined based on what and who are considered essential for each consumer. This will require retailers and manufacturers to redefine what's festive and capitalise on the broadened assortment of what consumers might consider 'giftable' this year. From a necessity that can no longer fit the budget, to a product that has been harder to get in stores this year, there will be big shifts in what defines a 'gift'.

#### Homebody reset

Gatherings will be smaller and more intimate with many planned at the last minute. This might see the introduction of so-called 'Single-Serve Celebrations' that cater to needs for convenience,

health and budget consciousness by offering serving sizes and packages conducive to small or socially distanced gatherings.

#### Rationale reset

Consumers will spend more on themselves, prioritising self-care this year. Retailers might then look to engage with empathy and recognize the trade-offs consumers will need to make. There is also scope for just-in-case solutions that cater to consumers who may be waiting to see whether they are able to physically celebrate a festive occasion or not.

#### Affordability reset

Online shopping will power more holiday consumer behaviours than ever before creating a need to convert impulsivity. With limited physical touchpoints with consumers, it'll be vital to create spontaneity, even in an online environment.

Within this new Festive framework Arnold points out; "It's clear that celebrations are going to look very different for many consumers depending on where they live, what restrictions they face and how Covid-19 has impacted their purchasing power. Despite the diverse global spectrum of holiday celebrations, Covid-19 has forced many consumers to re-think their holiday plans in similar ways, based upon known levels of virus-related constraints and this will have far-reaching consequences for both brands and retailers." **SR**



# The country's best butcheries

Announcing the winners of this year's Cleaver Awards in a virtual presentation this week, Dewald Olivier, Executive Officer of The South African Feedlot Association (SAFA) says, "They have been tried, they have been tested, and they have been proven to be the very best."

An initiative of the Red Meat Industry Forum, the annual Cleaver Awards recognise the best butcheries based on quality, service, hygiene and value for money.

"The butcheries are at the end of the value chain. They are the representation of our product to our consumers, their customers," Olivier says, and explains that this year these sought-after awards were run slightly differently.

Butcheries were asked to register upfront, resulting in approximately 600 butcheries signing up. Their customers were then given the opportunity to vote for them. All butcheries that received over 100 votes were then anonymously visited by SAMIC, The South African Meat Industry Company, tasked with ensuring the quality and safety of meat in South Africa.

All butcheries were audited against an extensive 212-point checklist and for the first time in the history of the Cleaver Awards, all participating butcheries will have the opportunity to view their score sheets, to see where they may have fallen short. "This will then give them the opportunity



to better themselves, and better their butcheries, ahead of the Cleaver Awards next year," Olivier says.

Year-on-year, the top butcheries all seem to have three attributes in common: they are customer-centric, they invest in the training and upliftment of their staff, and above all else, they are passionate about what they do, particularly when it comes

to quality, service, hygiene and value for money for their customers.

"To the over 600 butcheries that made it into the initial round of this year's Cleaver Awards, we congratulate you on an exceptionally high standard across the board.

Each delivered above and beyond to keep our butchery standards amongst the best in the world,





National winner Rudi Oosthuysen, Grove SuperSpar, Nelspruit

even during a turbulent and disruptive year. The smallest percentages differentiated this year's winners as the exceptional among the very, very best," Olivier says.

Feedback from consumers every year reveal that the majority perceive the Cleaver Awards to be a seal of approval, most importantly because a butchery cannot enter themselves, they have to be nominated by their customers.

A special thank-you must also go to Freddy Hirsch for supplying all the actual Cleaver Awards for the winners. These trophies of actual meat cleavers are imported from Germany and make a bold statement when proudly displayed in the butcheries of all the winners for all their consumers and staff to see.

Here are the national and provincial winners for this year. Many are familiar names on the annual list of the country's best butcheries, while some brand-new winners have shown themselves to be worth their beef this year too.



National winner Walter and Francois Rossouw, Impala Vleis, Brits

**National winners**

**4 and more tills**  
Vleislapa Marshall Street, Polokwane Platinum  
Impala Vleis, Brits Gold

**Up to 3 tills**  
Franks Meat, Middelburg Mall Platinum  
Frank`s Meat Supply Retail City, Middelburg Gold

**Meat markets**  
Saveway SuperSpar, Witbank Platinum  
The Grove SuperSpar, Nelspruit Gold

**Gauteng**  
**4 and more tills**  
Boma Meat Market, Moreleta Park Platinum  
Meat World, Elarduspark Gold

**Up to 3 tills**  
1. Boma Meat, Olympus, Pretoria Platinum  
2. Delft Butchery and Deli, Johannesburg Gold

**Meat Market**  
Karaglen SuperSpar, Johannesburg Platinum  
Uitkyk Meat & Supermarket, Silverton Gold

**North West**  
**4 and more tills**  
Vision Meat, Klerksdorp Platinum

**Mpumalanga**  
**Meat market.**  
Malelane SuperSpar, Malelane Platinum

**Free State**  
**4 and more tills.**  
Fredilia Meat, Welkom Platinum  
Power Meat Centre, Welkom Gold  
**Up to 3 Tills.**  
Country Meat, Kroonstad Platinum

**Eastern Cape**  
**4 and more tills**  
Cuyler Butchery, Uitenhage Platinum

**Up to 3 Tills**  
Continental Butchery, Port Elizabeth Platinum  
**Meat market**  
Levyvale SuperSpar, Uitenhage Platinum  
The Acres Spar Butchery, Port Elizabeth Gold

**Western Cape**  
**Up to 3 tills**  
Akeru Butchery, Gordonsbaai Platinum  
Tollies Slaghuis, Mosselbaai Gold  
**Meat market**  
Malmesbury SuperSpar, Malmesbury Platinum  
OK Foods Elto Towers, Kuilsrivier Gold

**Kwazulu-Natal**  
**4 and more Tills**  
Bluff Meat Supply, Bluff Platinum  
Bluff Meat Supply, Chatsworth Gold  
**Up to 3 tills**  
Medina Meats, Chatsworth Platinum  
**Meat markets**  
Bluff Meat Supply, Richards Bay Platinum

**Northern Cape**  
**Up to 3 Tills**  
West End Vleismark, Kimberley Platinum  
Kokis Slaghuis, Kimberley Gold



Entries for the next Cleaver Awards will open again in March 2021. For more information about this and other initiatives within the Red Meat Industry in South Africa, go to [www.beeftalk.co.za](http://www.beeftalk.co.za).

# Robots doing your shopping in new e-commerce warehouses for faster delivery

As consumer demand grows for ever-faster delivery of online purchases, retailers are scrambling to find more efficient ways to speed up operations and fulfil deliveries in real-time. Small micro-fulfilment centres, where products are stored in spaces that only robots, not humans, can reach, and where orders get picked and packed in five minutes or less, may sound futuristic, but these are already being trialled by retailers overseas.

**R**obotic warehouses are turning small urban spaces into 'micro fulfilment' spaces, says Inospace CEO Rael Levitt, who owns and manages 26 business parks in South Africa and abroad.

The demand for fast order fulfilment and delivery services skyrocketed in the context of the global lockdowns, ushering in a new era of challenges and opportunities for the beleaguered real estate sector. Robotic micro-fulfilment warehouses are now rolling out globally, and providing efficient automated selection of items to enable faster delivery to consumers.

Micro-fulfilment centres are much smaller than warehouses, which typically need to be on the outskirts of cities. Instead, micro-fulfilment centres



are compact and can be set up within cities, ensuring quicker service to a large segment of customers.

In addition to the low cost per square metre, these types of robotic fulfilment centres



significantly boost operational efficiency. They also need only a handful of employees at a time. An operator at a counter – one of just four 'touchpoints' – assembles incoming orders from arriving bins, picks the items from them, then scans and bags them. Bags are lowered and robotically ferried to a second touchpoint, an outbound terminal.

Micro-fulfilment centres, operated by robots and usually smaller than 1 000 square metres, are emerging as the future of last-mile delivery logistics. The strategy, operated through software and executed via automation, powers the strategy known as micro fulfilment. It is aimed at speeding up the delivery of goods to consumers in cities through operations that pack large numbers of products into tight, urban spaces.

Far smaller than the typical big-box distribution centres found in most industrial parks, the sites are becoming increasingly attractive to retailers adjusting to the dizzying changes in consumer markets. Some have been testing these types of small fulfilment sites in recent years, but the rush to online shopping thanks to Covid-19 pandemic has accelerated moves to space-saving, automation-powered warehouses.

By squeezing those operations into small urban warehouses, businesses hope to pare down delivery times so online orders reach their destination in hours, not days. Companies storing goods at micro-fulfilment sites should be able to get orders picked and packed in five minutes or less, with only a handful of workers.



Most micro-fulfilment operations are still being tested, but the strategy is good news for grocery chains and other retailers scrambling to meet rising e-commerce demand during the pandemic. The future market for automated grocery micro-fulfilment centres is estimated to be worth \$1.2 billion by 2024, according to market research firm Interact Analysis.

The key is to store products in spaces that only robots, not humans, can reach. There is no vertical airspace between bins and only about 20cm of space between stacks. Grocery installations typically include three different sections: one for room-temperature products, another for cooler items, and a manual picking area for fast-moving goods.

Grocery chain and retailer Walmart is among the companies testing various automated systems, but non-grocery retailers have been slower to

embrace the concept. This is in spite of the fact that the automated alternative requires less space than traditional distribution, and reduces the number of steps for human workers.

For retailers working hard to meet the accelerated online demand, the technology offers a faster return on investment than larger robotics-equipped warehouses, while allowing retailers to fill orders more quickly than they could with human workers walking store aisles.

The market change brought on by the pandemic has not only escalated the necessity to fulfil orders in real-time. Automation is already replacing some of the labour-intensive processes either fully, or in part. For example, automated loading and unloading, package delivery, and even automated vehicles are already being tested and implemented in some cases.

We're still pretty far off from seeing some of these things happen in South Africa, but distributors have to start looking at the big picture in respect of how they service their customers most efficiently in the next three to five years. **SR**

Inospace is an owner and operator of serviced business parks that provide a wide range of industrial, logistics, storage and work spaces in one location, enhanced with a suite of innovative business benefits. It owns and manages a growing portfolio of 26 branded business parks in South Africa and the United Kingdom, and is home to a diverse base of 1 200 clients. Visit <https://www.inospace.com>

# Online FMCG shopping leapfrogs five years amidst Covid-19 pandemic

- New users, frequency and preference skyrocket
- 68% of South Africans have shopped online in the past week

In experiencing the first-ever Black Friday promotional phenomenon under lockdown, the dominance of online shopping platforms has become crystal clear. To keep track of this development, Nielsen Global Connect has conducted extensive research that includes an overarching view of the massive increase in online FMCG shopping and just how rapidly it evolved over the first six months of lockdown.

Nielsen Connect, Global Intelligence Unit, Executive Director Ailsa Wingfield comments; "Amidst the Covid-19 pandemic, online FMCG shopping usage has advanced by up to five years in just six short months. As a result, there has been a rapid increase in online shopping and usage with new users, frequency and preference having skyrocketed. Preference of online as the most-used channel has also more than doubled.

Evidence of this are results from the *Nielsen New Shopper Normal Study* which was conducted in May and September 2020 allowing for powerful comparisons of the effect of the Covid-19 lockdown on consumers, during an unprecedented



time in our history. The Nielsen study found that in terms of online preference, pre-Covid-19, only 4% of South Africans said they shopped most often online. That figure rose to 11% in May 2020 during (Level 4 Lockdown) and was 12% by September 2020 (Level 1). Of the new South African online shoppers, 28% had never shopped online pre-Covid-19.

In terms of the Recency effects of online shopping i.e. whether shoppers had shopped online in the past week, this figure increased from 59% in May to 68% in September. In terms of Frequency, those who said they shopped once a week increased from 41% in May to 48% in September, while those who shopped online multiple times a week increased from 18% in May to 20% in September 2020.

## Best of both worlds

Nielsen's consumer and retail measurement evidence therefore clearly shows a massive and ongoing move to online, but it must be pointed out that this is not in isolation when considering the overall shopping journey. In South Africa, two-thirds of consumers (68%) say they are now using both online and offline channels – up 9 points from May



2020 – with fewer exclusive brick & mortar shoppers at 32% – down 9 points since May 2020.

Wingfield elaborates; “Overall, consumers are shopping and buying in a mixed reality. In many instances online shopping options are a new addition to their existing store repertoire but most consumers indicate that they will maintain a combination of online and offline – which will lead to the rise of more omnichannel shopping journeys and experiences.”

Interestingly, this adoption is even more pronounced for ‘Constrained Consumers’ – those who have been impacted by job/income loss. These consumers are less likely to be exclusive Brick & Mortar shoppers as Omni shopping is even more important to help them make better and more frugal choices.

Wingfield adds; “The challenge for retailers is that consumers want equivalent experiences regardless of the environment in which they shop. These are categorised by a seamless experience where the retailer’s online, and bricks and mortar offerings, are connected and offer a similar and familiar shopping experience.”

### Still more work to be done

In terms of the remaining obstacles for retailers to overcome and where online needs to work harder the biggest concern for South African shoppers is delivery which has emerged as the most important factor to get right. A massive 67% of South Africans consumers stated they wanted same/next-day delivery in May 2020, which increased to 75% in September 2020.



In terms of online Price & Promo perceptions, 53% of respondents said online prices had increased in September, while 14% perceived less online promotion and 8% said online was more expensive in September. That said, online price perceptions have become more positive and are currently more favourable than offline (brick and mortar) perceptions. They may also improve even further, following the current heavy push by retailers of online-only Black Friday promotions.

### Looking to the future

Looking at how consumers’ newfound relationship with online shopping will evolve, Wingfield

comments; “We saw that ‘necessity catalysts’ such as safety and precaution considerations and the availability of products initially drew consumers online, but there are still several obstacles to overcome. To sustain online FMCG traction, retailers and brands will need to focus on how they can solve consumers’ changed needs by differentiating their offerings in the Omni shopping journey.”

She goes on to suggest; “They will need to solve for overall satisfaction and experiences in the areas of time, convenience, availability and value based on consumers’ altered circumstances to truly differentiate themselves.” **SR**

