

# SUPERMARKET & RETAILER



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ISSUE 1, 2021 [www.supermarket.co.za](http://www.supermarket.co.za)

**Out of stocks:  
Putting the distribution  
centre's role  
into perspective**

**Retail recovery 2021**

**Online merchants:  
Check your T&C's  
before they bite**

**The A–Z of  
building  
a successful  
in-store bakery**



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# Let them eat bread!



Helen Maister

There has been a flood of opinions as to what the 'new normal' is going to look like. What to get ready for, what to do to be ahead of the curve. We are being bombarded with so much information. Everyone is selling the next solution. The question is, "What is the perfect decision?"

As much as we want it to be an exact science, Aki Kalliatakis

explains the human factor and how to capitalise on problem solving with a switch of mind-set rather than money thrown at a problem – with the upside of happy customers.

There is nothing quite like the smell of freshly baked bread. And a luscious selection of sweet treats and savoury delights on display has led many a budget-conscious shopper astray from their neatly planned grocery list. But what exactly is happening in bakery in the current climate? Has customer behaviour and demand changed?

Health, and affordability, is top of everyone's mind when choosing food, and baked goods are no exception.

However, this category has the benefit of including both affordable staples and comfort food, and so bakery continues to grow! Marguerite Saunders has looked at all angles in the supermarket bakery.

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GG Alcock reports on bakery in the *kasi* sector (informal market). This is part of the series *Excavating Silence*. Here is an extract from the story *Let them eat bread...*

“By 3am the first vetkoek are frying into a delicious golden brown, and the crowds start passing by. Downtown Jo'burg is a frenetic mix of slums, corporate head offices of banks, and government buildings – the first and third worlds slammed together in a heaving uncomfortable mess, the rich resenting the poor, the poor aspiring for just a tiny fraction of what the rich have.

More than half a million commuters stream to and from Park Station daily and many stop at Mbandze's table top. His hands moving in a blur, Mbandze grabs handfuls of dough and expertly rolls each into a perfectly round and identically sized lump and drops them into the boiling hot cooking oil in a huge aluminium pot on the little Cadac stove. ”

The insights that GG brings to this sector of the market are invaluable. The scope of this market is astounding. Informal, untapped and growing exponentially.

When speaking to Retailers, Manufacturers and Vendors about out-of-stocks, there is one issue that is almost guaranteed to come up – The Distribution Centre (DC). Chris du Preez writes that It would seem as if the DC gets blamed for almost all 'out-of-stocks', and that any discussion of out-of-stocks is therefore of little or no value, until such time as the DC solves its out-of-stock problem. But is this really true?

In his article *Online merchants: Check your T&Cs before they bite*, Dr Howard Rybko, CDO at Synchrony Digital, says that Terms and Conditions DO apply. Many online merchants think T&C's are a chore. They palm the job off to some sucker in their team, which leads to a last minute find & replace of some pinched T&Cs or else a kick down the road to a legal person somebody knows. Either choice carries too much risk for his liking. If you want to limit some potential unexpected costs, this article is a must read.

Helen Maister

Helen Maister



# CASE CLOSED

## Energy Saving Solutions

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

## Air Shield Glass Doors

### Features and Benefits

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

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



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

### The value benefit

- High-quality locally manufactured solutions featuring the latest energy-saving technology.
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- Customised solutions to suit your store.
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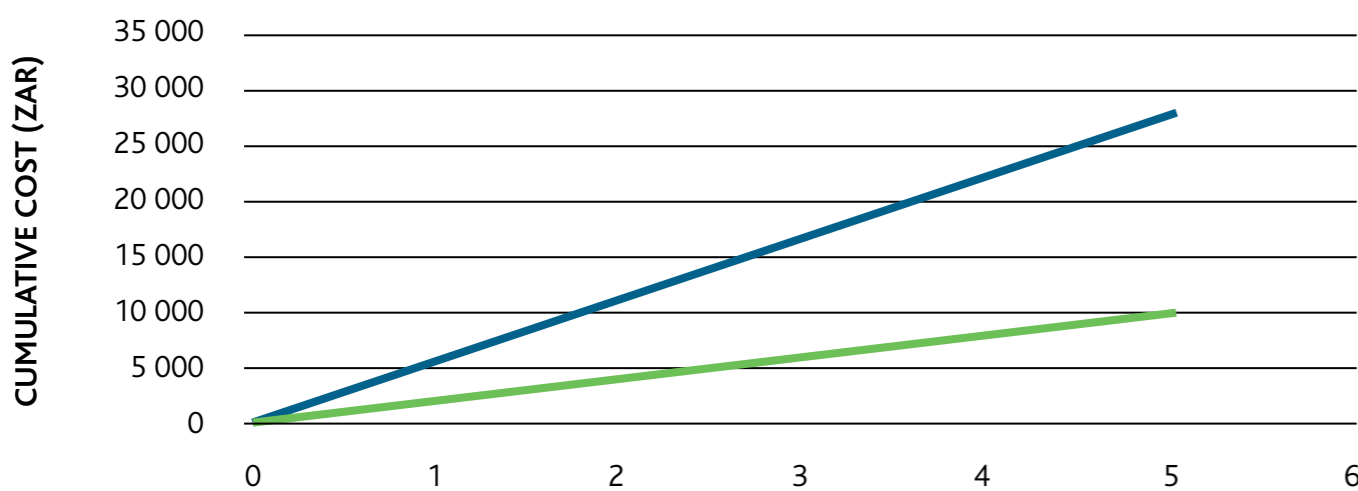
# CASE CLOSED

## Energy Saving Solutions

### Eco Leaf Freezer Doors

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

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



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

# Why your finance executive is probably wrong

Aki Kalliatakis

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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.

**R**ight up front, let me tell you I love science, I love fascinating explanations of what I see around me, and logical arguments that make things so clear for us. I love how engineers use science to build and create the most incredible things that make our lives so amazing, from the tiniest microorganisms to massive power stations and even remarkable structures in space as we explore other planets. And in a business context, it's good that we have ways of scientifically organising things and writing algorithms so we don't end up disorganised chaos in logistics, nor be forced to perform awful boring tasks to take care of customers.

In theory, economics and its various laws work beautifully, and finance people have wonderful



models that we have to use to make sure that we manage and measure financial success and efficiency properly. They assume that in every business interaction there is perfect information

But when it comes to people, it's also true that we can't be logical and consistent, because that's not how we evolved over thousands of years. If we had to stop and think every danger through

and perfect trust. Except, when it comes to human beings, like staff and customers, it doesn't work. That's not the reality.

That's why finance and operations and IT people hate marketing and sales people.

It would be great if everything in the world was logical, rational and predictable. But it isn't. For example...

“ In military campaigns, being logical and efficient is useless – because it makes us predictable, and if you are predictable you do exactly what the enemy expects. You've just lost the war. ”



logically, basically we would end up dead. There was almost always not enough information to make a perfect decision, so instincts caused us to make speedy, reliable, straightforward and non-disastrous decisions. If you saw a long green shiny thing, you had to react immediately, or the green mamba might kill you.

On my way back from doing the school run this morning, I saw a whole bunch of runners, walkers and cyclists exercising on the main road in our suburb. It doesn't make logical sense: there's a ton of traffic and exhaust fumes, the pavements are all broken so most of them are on the road, literally in danger of being run over by an errant taxi, and just one block away there are fume-free, beautiful and quiet roads on which we can safely exercise. But they stick to the main road. Why? Because they are performing for the crowd, and perhaps need the spirit of other people to try harder.

Economists and finance people assume when we buy a phone or a car or an outfit, or even groceries, that we aren't interested in the brand, in the way we are treated, nor in the person who sells it to us. All we'd be interested in are the logical and objective specifications. That is rarely true. The moment we assume that customers are completely logical, where ignore people and their subjectivity, their quirks and impulses, and their idiosyncrasies, it just doesn't make sense anymore.

Now, just before you throw up your hands in defeat, remember there is some really good news here.

A few months ago I was on a slightly-delayed



“ Why exercise in the danger of the main road, when there are safe, fume-free, beautiful and quiet roads one block away? ”

flight and as we landed, we saw out the window that we'd stopped out in the open and buses were waiting for us.

The default behaviour was that everyone groaned and immediately started complaining about how useless the airline was, until a few seconds later the pilot said, "Folks, I have good news and bad news. The bad news is that the airport is really busy tonight and we don't have a spot at the walkways." And then, after a short pause he said, "The good news is that the buses will take you directly to the entrance nearest the exit so you won't have to walk and drag your baggage so far."

Just one statement, just a few seconds, and

everything changed. All he did was change people's perceptions. He turned it around. The scientific reality is that nothing actually changed – but people's minds were in a different place. With the other perception, we realised there was actually an upside!

But there's more good news: When companies realise that their customers are unhappy about something, the immediate logical choice is to spend a ton of money to fix the problems. What's so intriguing is that instead of doing that, first look at how to change perceptions, and specifically look at it from a customer's perspective, through their eyes, not the CFO's eyes.

If you look at solving the problem psychologically, that's not cheating.

Here's another example: when people get sick and have to take a series of antibiotics right to the end of the dosage the doctor recommends, when they start feeling better, they inevitably stop too soon. But, if the doctor says, "You first need to take these 12 white pills, and then when they are finished, take these four blue ones," guess what happens? People usually finish the whole course. That's in spite of the fact that the blue pills are exactly the same chemical formula as the white ones.

Let's look at one final example where traditional economics theory gets it wrong. If sales of

a particular product are down, then we should drop the price, right? Make it lower so it's more attractive. But there are two ways to do this: You can either just lower the price (and quietly put on a new sticker,) or you can put up a bold sign that says, "30% off! Reduced from R29.99 to R19,99!"

There are so many other examples: A wedding invitation isn't the same if it's not on a nice expensive paper and handed over personally. (If you email the invitation the wedding presents will be cheaper, and some people will say, "Oh, and there's probably going to be a cash bar as well.") Painkillers seem more effective if they are not generic, (and if you tell people they are more expensive.) Wine always tastes better when you

pour it from a heavier bottle rather than from a box. Chocolate tastes more delicious if the blocks of it are round rather than if they are square. And your car 'drives' better after you've had it cleaned. It's not just cleaner: it actually feels quieter, smoother, and just a better car altogether.

Don't make the mistake that people are logical, and make rational decisions in a perfect world. It's simply not true. **SR**



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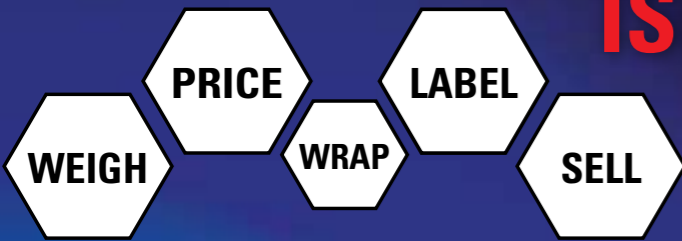
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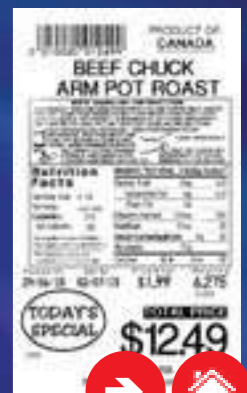
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# The A – Z of building a successful in-store bakery

There is nothing quite like the smell of freshly baked bread. And a luscious selection of sweet treats and savoury delights on display has led many a budget-conscious shopper astray from their neatly planned grocery list. But what exactly is happening in bakery in the current climate? Has customer behaviour and demand changed?

## The bakery in a pandemic landscape

Since the initial scare of the Covid-19 pandemic and the resulting effect of lockdown in various parts of the globe, consumer behaviour has shifted significantly from trends in recent years. “A back-to-basics trend and a renewed preference for packaged bakery products are among the most noticeable [in baked goods consumption],” says Andy Flounders, senior application specialist at DuPont (Bakery trends in corona times).

These trends contrast with the previous few years’ growing focus on ever-more experimental taste combinations and new recipes, while also upsetting the trend to eliminate packaging waste to some extent. While choice across the board



Photo by Brooke Lark on Unsplash

*Much can be done with some creative garnishing – for example, these summer-inspired cookies decorated with fresh fruit and edible flowers would make an ideal dessert platter on a hot day.*

is still important, customer behaviour indicates a new preference for simplicity and traditional wholesome goodness, and the market has not seen many new products launched. Sustainable packaging is still the preference in the middle-to upper-income brackets but eliminating waste has taken a back seat in favour of preventing contamination of consumables.

Health, and affordability, is top of everyone’s mind when choosing food, and baked goods are no exception. However, this category has the benefit of including both affordable staples and comfort food, and so, bakery continues to grow. The confinement of the various lockdowns of 2020 sparked a renewed interest in the pleasure and benefits of home-baked goods, which is extended to retail as people become busier.

Considering these changes, how can you as store owner start, expand or improve your in-store bakery to gear it for sales?

The key to success is a good business plan that can serve as a roadmap to reach your goal – improved sales. Start with brainstorming and plotting exactly what you want to do, by considering the following aspects.

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- Maximum customer benefits

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## MANHATTAN - Food Retail

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*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.*



## 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!**

### Decide on service offerings

More sales start with greater customer satisfaction. As a store owner, you have a good idea who your customers are and what they want. When looking to expand or improve your in-store bakery, the first thing you should consider is: what is in line with customers' demand and which service offerings will you be focusing on, as this will guide your strategy going forward.

What you decide to bake, stock, and source, and how much of each item, will also be informed by customer demand and the service offerings you choose to provide to your customers.

There are a variety of service offerings to be considered:

- **Category items and staples.** Breads, buns, and rolls – these are the items you absolutely must stock, as they form part of the average shopper's grocery list. Especially among middle to higher income groups, consider including some gluten-free offerings as well.
- **On-the-go snacks and breakfast items.** Fresh croissants, muffins, savoury buns, pies, and similar offerings are an easy, low-fuss revenue generator and a welcome solution to many a hungry, hurried shopper.
- **Specialities.** While category staples such as bread and rolls are a necessity, speciality items are what differentiate your store from your competitors. Speciality baked goods should ideally be made in-store (even if par-baked) but can alternatively also be sourced ready-made from local artisanal suppliers.



*Food Lover's Market bakery section.*

- **Pre-orders (bulk).** Especially with goods like rolls baked in-store from scratch, the more you bake, the better the profit margins. Here, consistency is very important – the restaurants, cafés, and catering companies ordering large quantities from you will expect this and will only continue to use you if they know what they will be getting. Orders are normally placed the previous day for pick-up or delivery the next, but you should also be able to accommodate late or on the day orders if possible, within a turnaround time of three hours. You need a responsible person to keep track of pre-orders.
- **Catering.** Custom-decorated cakes and platters of baked savoury and sweet delicacies for corporate and private catering purposes provide yet another service opportunity for your in-store bakery. As with bulk pre-orders, you will need a responsible person well-versed in customer service best practise to handle orders.
- **Custom orders.** Sometimes customers will approach your bakery manager with special requests. This person should be knowledgeable and confident to assist or advise. While fulfilling custom orders will not be highly profitable, it is still important as it builds customer loyalty by showing you are there for your customers' specific requirements.



Photo by Jeremiah Lazo on Unsplash

creating a chewy interior and crispy exterior. (<https://www.signaturebreads.com/bread-guide/par-baked/>)

- **Consistent product quality.**

If a bakery is relying on part-time employees who possess varying degrees of comfort with baking from scratch, product consistency will be a challenge. Frozen dough and par-baked products will ensure a consistent product, without the potential waste associated with mixing from scratch.

- **Bake-on-demand.** Premade frozen products allow you to bake as much as you need, as often as you need, without wastage and with quick turnaround times. In addition, baking more often provides customers with an opportunity to see the baked goods come out of the oven, and of course keeping the smell fresh in-store.

- **Frozen dough can be customised to a surprising extent.** Once thawed, frozen dough lends itself beautifully to customisation. This allows you to create signature offerings without baking from scratch – with creativity and some small additions and changes, you can create great-tasting wonders. For example, try scoring the top of white bread dough and brushing on some olive oil with herbs or sprinkling some shredded cheese on top.

*Anyone who has the touch and passion to bake, can be taught.*

Once you have decided which service offering(s) you want to focus on, you can look at the range of items you wish to stock. If you are starting out or expanding your bakery, it is better to start with a wider range of goods and refine your offerings as you go along. Over time you will notice what sells, and what does not, and be able to make the necessary adjustments.

### The benefits of par-baked and frozen products

For smaller bakeries and bake-on-demand, par-baked and frozen products have become the norm in recent years.

Par-baked bread (short for partially baked) is baked to 80 – 90% doneness, then cooled and quick-frozen to seal in freshness. Once thawed, the bread can be oven-finished in just minutes. Finishing the bread caramelises its crust, adding a rich golden colour, and refreshes its moisture,

## Why some shoppers prefer baked-from-scratch goods from your bakery

From a customer's point of view there are various health and taste benefits to freshly baked goods (<https://food.allwomenstalk.com/benefits-to-making-baked-goods-from-scratch/>):

- **Lower refined-sugar levels.** Replacing refined sugar with fruit or other sugar alternatives makes for a healthier and lower-calorie sweet treat than commercially available cakes.
- **Fewer artificial ingredients.** Baking from scratch allows you to eliminate potentially harmful ingredients that are manufactured in labs and designed to make food taste good instead of being good for you. Many people are also allergic to preservatives and other additives and welcome products that are free of these artificial ingredients.
- **Gluten- and allergy-free alternatives.** Many people are gluten- or lactose-intolerant, or allergic to standard baking ingredients such as eggs. Providing alternative options for your allergy-prone customers and their families goes a long way toward greater customer satisfaction.
- **Fresher taste and texture.** While premixed frozen and par-baked offerings are of the highest quality, nothing beats the taste and texture of well-made homemade baked goods.

A combination of par-baked, premixed frozen and scratch baked products will give you margins, convenience, consistency, speed, and an exclusive offering.



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### Location and layout matters

Where your bakery is positioned in-store should be aligned with the service offerings on which you want to focus. The right location can greatly contribute to the type of products and the quantities you sell. For example, by positioning your in-store bakery near a coffee offering, you can tap into the impulsive nature of category shoppers and generate additional impulse sales. Below is a look at some of the different locations and layouts for an in-store bakery and their individual strengths:

**Counter deli and display.** Probably the most common type of in-store bakery section, this is traditionally positioned adjacent to your actual bakery; but can also function as a stand-alone island or a U-shaped walk-in section. Even if you extend your baked goods counters with a sit-down area, the display counter will still be the main attraction and selling point.

**Sit-down bakery / café.** For stores that focus on baked goods and other freshly made offerings, an in-store sit-down section can be a great way to showcase your products and add an additional service. Sit down sections in supermarkets, bakeries, delis, butchers, fruiterers, etc. have been gaining more and more traction over the past few years, as people are starting to take an interest in where their food comes from. If you have the space and think of doing this, the best way would be for customers to order and pay at the counter, instead of being served, as you would ideally want to keep the level of staff involved in this section to a minimum.



*Karaglen SuperSpar In-store Bakery.*

### Staff, skills, and equipment

The staff, skills, and equipment you need for your in-store bakery will depend on whether you plan to keep to small quantities and basic offerings, or if you want your bakery to handle larger quantities and speciality goods.

Whether you bake small or large quantities from scratch, baking requires precision. “Firstly, if you intend to bake from scratch, you need staff who have the touch to cook – which not everyone has. A passion for baking and willingness to learn and innovate are also very valuable qualities to consider when recruiting. Your staff should be able to follow

recipes to the T and keep time precisely, as the slightest variation can impact the consistency of your product,” says Leon Sanders, independent consultant at Jozi Restaurant Solutions, a Johannesburg-based consultancy specialising in menu development and kitchen optimisation.

In terms of equipment, Sanders mentions that any amount up to 50-100 rolls per day can be handmade, but for larger quantities (more than 100 rolls per day) you would need electronic mixers, rollers, and perhaps proofing ovens. For either type of bakery, he recommends an oven with a steam function if you intend to bake rolls: “Some

products, like burger rolls, require steaming to keep the roll light and fluffy, otherwise it can easily dry out and become flaky,” he says.

Furthermore, retailers are advised to use local suppliers when sourcing equipment: “If you buy equipment through local suppliers such as BCE, Cater Pro Equipment, Cater Master, Cater Web, Core Catering, etc. they can provide service support and maintain your equipment easily. But if you buy from overseas you would have to get specialised servicing which might not be readily available,” says Sanders.

### Training and upskilling your bakery staff

“ Staff should be able to follow recipes to the T and keep time precisely, as the slightest variation can impact the consistency of your product ”

If you only intend to bake from premade frozen stock, or par-baked goods, very little training – other than on standard hygiene, time-keeping and equipment – would be required for your staff.

But if you are baking from scratch, more skill and training on baked goods is needed. Firstly, your staff should be informed about popular types of baked goods available to best serve customers – even if you do not stock all these products.

There are a variety of free online resources available for bakers who are looking to up their game. Below are listed some examples of eLearning courses, tutorial videos and recipes to try:



Photo: Leon Nicholas

*Bakery staff serving customers at Pick n Pay, Sandton.*

- *Yuppichef Baking Fundamentals eLearning Course: <http://learn.yuppiechef.com/>*
- *Rich's eLearning Courses: <https://www.richs.co.za/courses/>*
- *Anvil Tutorial Videos: <https://www.anvilworld.com/media>*
- *Eureka Mills Tutorial Videos and Recipes: <https://www.eurekamills.co.za/eureka-mills-blog/>*
- *Dèlifrance Recipes: <https://www.delifrance.com/recipes.html>*

### Getting the word out there

There are several ways in which you can make it known that you mean business baking.

- **The allure of the freshly baked aroma**  
For the most part in South Africa, people still prefer to shop in-store rather than online; and nothing promotes a bakery better than the smell.  
“To be able to sell to or attract customers, creating a constant aroma of baked goods is probably one of the most important advertising



strategies to put in place. Even if you are not baking at that moment, a lot of bakeries will often make a very fragrant dough and pop it in the oven, or bake a bread for the staff, so that you know the smell will carry throughout, and outside the store, and attract people,” says Sanders. A full 360 in terms of smell and display will soon enough alert the neighbourhood about your baked goods offerings – and word of mouth carries.

- **Foodie culture and #foodporn**  
– your bakery on social media

Social media can be used to great effect for generating excitement and creating demand for everything from freshly baked bread to speciality treats and baked indulgence.

Instagram is arguably the best and simplest platform to promote your baked goods through visuals and short descriptions. Instagram posts can also easily be shared to Facebook. Make sure you always provide a link in your Instagram bio to your store’s website or Facebook page, where potential customers can view the full range of baked offerings and access your bakery’s contact details.

To effectively target potential customers on social media, you need to understand the online culture of your bakery’s target market, and the following two terms in particular:

**#foodporn:** This hashtag term simply refers to images that portray food in a very appetising or aesthetically appealing way.

**Foodie culture:** The new foodie thinks critically about the food that they eat. Foodies want food that tastes good, and that is socially and environmentally responsible. For this type of consumer, quality food is



*In uncertain times, sweet indulgence is justified. Sweet treats, especially traditional and established products, continue to sell despite dips in the economy.*

a combination of the taste and the story behind the taste. While foodie culture had previously been very elitist, a new trend of the return to wholesome simple and traditional foods took preference during the pandemic – i.e. food that is sensitive to economic pressure and feeds the soul, such as mac and cheese (<https://www.theatlantic.com/culture/archive/2020/05/foodiness-isnt-about-snobbery-anymore/611080/>).

- **Menus, menus, menus**

Both in-store and online, you need to clearly communicate to customers what you are offering, and at what price point. Especially with services like platters for catering which you cannot put on physical display in-store, a menu with clean design, good photography and description of the product makes it much easier to convert a potential sale.

Keep in mind that while approximately 60% of customer awareness might be generated online, there is still another 40% that will only come to know of your products through in-store activation or traditional media.

## Ideas for leftover or unsold baked goods

Leftover bread rolls should ideally not be kept over for the next day, but there are many ideas for repurposing yesterday's bread. Firstly, as ingredients for your fresh Bain Marie style food or freshly made Home Meal Replacement offerings; and secondly, both croutons and breadcrumbs can be packaged to be sold as independent product offerings.

- **Croutons.** Croutons can be used in salads and with soups. To make croutons, slice old rolls thinly, rub with butter, garlic and herbs and bake until they are crispy.
- **Breadcrumbs.** Handy in many recipes, breadcrumbs are used for deep-fried products such as chicken strips, or as an ingredient in meat pie fillings. To make breadcrumbs, simply break up the old bread and dry the chunks in the oven completely. Another idea is to flavour your breadcrumbs for deep fried products to create a signature taste.

Other baked goods can also be repurposed in new and exciting ways. Here are two examples of what has been done with great success:

- **Re-baked custard cake.** If you sell individual slices of cake at your in-store bakery or deli, unsold cake can be remixed and take on a new, fresh form for the next day. For example, a tapas restaurant and deli called Mezze Bar in Auckland, New Zealand, made a custard cake by breaking up different pieces of leftover cake into smaller chunks, combining it with a custard mix and re-baking the batter. This custard cake soon became a best-seller, to such an extent that often cake had to be baked specifically for this purpose.
- **Monster gingerbread cookie.** The Pick n Pay at Ferndale on Republic in Randburg, Johannesburg repurposes their baked goods leftovers in over-sized gingerbread cookies. Priced at R4.50 for a cookie weighing in at approximately 500g, it is an irresistible impulse buy for those with a sweet tooth. This cookie can be achieved by re-baking a mix of stale bread and cakes together in a batter with some fresh flour, egg, sugar, baking powder and seasoning (in this case ginger).

Having your own bakery is also very useful for eliminating waste in other store categories. Overripe fruit and veg, as well as dried products such as sultanas past expiry date, can be baked off in a variety of delicious sweet and savoury treats.

*Ideas courtesy of Jozi Restaurant Solutions*



Photo by Sean Bernstein on Unsplash

*Single-serving savoury treats can be an excellent on-the-go snack.*

### A final word

For optimal success, it is important to find a balance between baking from scratch and baking from frozen products. Consider what would work best for your store, and what your customers would most appreciate.

Once you have your bakery up and running, continue to refine and improve your offerings and services, as the competition is strong in this popular category.

Keep at it and you will succeed! **SR**



Marguerite Sanders is an autodidactic writer and designer with a passion for creative problem-solving. Nowadays she writes for business, and on business, specialising in retail and tech. Her writing and art have been published on various online platforms and in print. She holds a B.A. Fine Arts degree and has completed additional courses on the business and professional practise of art, and a few modules of philosophy.

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# Excavating silence: Let them eat bread or vetkoek

In *Kasinomic Revolution* I wrote this story about a couple I called Golden Delicious who sold vetkoek in downtown Joburg. They're not there now, the streets of downtown Joburg are silent and deserted ...

It's 1am, Meadowlands, Soweto. The alarm on the scratched old Samsung beeps endlessly. Mbandze reaches over his wife Veronika's sleeping body and switches it off. Nudging her awake, he walks into the kitchen of the tiny two-room backroom and switches on the electric kettle for tea and to fill the two plastic basins he and his wife use separately for washing, standing in the basins.

After quickly drinking their tea while they get dressed, they walk into the room next door which serves as both lounge and kitchen. The ten plastic 25-litre drums of dough they mixed before bedtime at 8pm the night before are lined up there. They transfer the risen dough into 6,25-litre buckets and close them tightly. Veronika packs a cooler box with Parmalat Cheese Slices, sliced polony, fried fish pieces and long-life milk. While she is packing the cooler box Mbandze has walked out to the street a few times taking the buckets out. Throwing two clean aprons into their bag, the two walk out into the narrow township street. It's 1.45am when



a 16-seater Toyota taxi pulls up. The two of them take a whole bench seat in the taxi, with their six buckets and cooler. Wordlessly, Mbandze pays the

driver R48 as the taxi wheezes and sways along on its worn shock absorbers to Noord taxi rank in downtown Joburg. It's cold and dark except for the

dim street lights and the brighter light of the old Springbok Hotel entrance.

It's 2.30am when they alight to find the guy from the storeroom waiting at their small section of pavement with a trolley. They pay R30 a week to have their table, gas cylinders, pots and kettles stored. Mbandze nods silently at the trolley pusher and, unloading their items, he sets up his cooking area while Veronika lays out their wares on the table: tea and coffee, sugar and milk, polystyrene cups, a Tupperware containing the cheese and polony slices and the large basin ready for the amagwinya.

By 3am the first vetkoek are frying into a delicious golden brown, and the crowds start passing by. Downtown Joburg is a frenetic mix of slums, corporate head offices of banks, and government buildings – the first and third worlds slammed together in a heaving uncomfortable mess, the rich resenting the poor, the poor aspiring for just a tiny fraction of what the rich have.

More than half a million commuters stream to and from Park Station daily and many stop at Mbandze's table top. His hands moving in a blur Mbandze grabs handfuls of dough and expertly beads each into a perfectly round and identically sized lump and drops them into the boiling hot cooking oil in a huge aluminium pot on the little Cadac stove.

Two hundred golden brown vetkoek fry at a time before they are poured into a large plastic bowl where a frenzy of hands reaches out, buying the vetkoek with a Parmalat cheese slice melting



into the hot dough, or a fried slice of polony, or a cup of tea or coffee. Mbandze and Veronika start selling their vetkoek at 3am and by 10am they have sold 3 000 at R1 each. They make a margin of about 40% earning themselves up to and above of R30 000 a month, a hard but a good living.

Across the street Moipane Mahlakwane sells 6 000 vetkoek for R1 each. She's 24 and moved to Jo'burg from Limpopo some three years ago, searching for a job, fame and fortune. She could not find a job and so inspired by her mother, found fortune selling vetkoek. Selling 6 000 vetkoek a day at a rand each, she earns her a good income and now employs four staff.

See Kyknet profile [https://www.youtube.com/watch?v=cWVJ1Uolaw8&feature=youtu.be&fbclid=IwAR3KLuwAD7XuhPQQ9rhwxIAanYltH-LXHrI5S2BH2m9M3i3IroOvQ\\_JWZY](https://www.youtube.com/watch?v=cWVJ1Uolaw8&feature=youtu.be&fbclid=IwAR3KLuwAD7XuhPQQ9rhwxIAanYltH-LXHrI5S2BH2m9M3i3IroOvQ_JWZY)



# Telling a Story, Connecting an Industry, Building a Nation



*The South African consumer goods trade is full of stories – of success and failure; of challenges overcome and strategies that didn't work out; of single ideas that grew into multi-billion rand businesses; of what the next ten years holds for the industry.*

Trade Intelligence is at the centre of this community, rooted in the stories on which the retail trade is built. We believe that to work effectively with your trading partners you need to understand their stories and what they mean for your team and your business. We actively listen to these stories every day in the trade, we supplement them with meticulous research, and then we package them for you in ways that enable your team to build more meaningful, profitable and people-centred trading relationships.

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Both Mbandze and Moipane's businesses are closed today. They operate in the inner city, the lifeblood of their business is commuters and office workers grabbing the Mzansi breakfast croissant, vetkoek, on their way to work. I weep for them but I suspect they will be back in force once the cities and the streets return to normal.



Meanwhile in Soweto another Kasinomic Revolutionary is not letting the lockdown put him down! Refiloe Rantekoa grew up in White City, one of the toughest and poorest suburbs of Soweto, epitomised by concrete rooved homes looking like air raid bunkers. When I started visiting Soweto in the late 80's I was warned about White City. Apparently in White City if you saw a bunch of guys fighting, it was because they were fighting over who would mug you. My friend Ike Mosiuoa said, "GG when you ask the gogos for directions, they reach into their breasts, pull out an Okapi knife, flick it open and draw directions in the dust for you!"



Refiloe was eight when he started selling vetkoek with his gogo. He would wake up early and they would sell before he went to school, heading off to school from the little bucket of vetkoek on the dusty sidewalk.

Finishing matric Refiloe could not find a job so started printing and selling T shirts with African maps, or local heroes like Mandela. His little

backroom, a one room tiny space behind the main house in White City, was his printing studio, lounge, kitchen and bedroom! Some years on Refiloe got a learnership and later a job in the hospitality and tourism industry. It was a great job in a world where no one has formal jobs, but "business was in my blood" he tells me.





“While I was working I was thinking and researching, what business could I make my mark by starting. A business I could scale up.” He continues, “Even at work I was selling to the people at work, like *ama-aachar* (atchar), even happy socks, and boxes of Kellogg’s cereal.”

Then the memory of his now deceased gogo, drove him towards baking. In between his work at the office, Refiloe designed a bakery logo, staff T-shirts and started researching the cost of equipment. He started selling his bread too, not real bread though! “I said to people and to kota outlets, I am going to sell bread soon, will you buy, how many loaves, what price.” He laughs, “I sold lots of bread like that, but I was selling something that I don’t have. But that was my research, advertising into *engekho* (something non-existent).”

At the same time Refiloe got a personal loan, using his payslip. “I borrowed R 50 000 and I bought baking equipment. I just stored it in my little backroom. It sat there for a while though.”

And so Borotho Bakery was born, a virtual business, a young man’s dream plus a pile of baking equipment crammed into a backroom alongside a little bed in White City.

Then people were saying, “Hey, where is that bread, they were serious, and I realised I need to be serious too. Yo, the pressure was building up and up. But space was the problem. Where could I start this bakery?”

That’s when he decided he would use his backroom bedroom behind his grandmother’s

house as the bakery. He had nowhere to stay, so “I went back to my family home, and said can I stay here, I slept on the floor in the dining room for a while.”

So in 2016, at first baking only 20 loaves of bread a day, Borotho bakery went from virtual business to reality. Refiloe started selling just up and down



his street, “At that stage we did not think about making a profit, just to get the business going.” Using WhatsApp, Refiloe started getting more and more orders, six loaves here, two there. More and more streets started buying his bread. Then the





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kota outlets started ordering. (A *Kota* named after a quarter loaf of bread, is the township hamburger, a bit like a bunny chow but with chips, polony cheese slice inside vs a curry.) And the pressure mounted on Refiloe and his two baking partners. All the while Refiloe was also in a full-time job. He had no choice – he was servicing the R50 000 loan he had used to start the business.

By the end of 2016, Refiloe had more and more orders, so they sourced some trolleys *kasi stayela*. He laughs when I ask how he sourced these, “You know, *mos ekasi!*” His trolleys delivered up and down streets, business was looking good, they were selling about 350 loaves of bread a day. Trolley vegetable sellers with their trademark bicycle bell are common in the townships streets, bread sellers are not. Refiloe was learning and adapting his business to kasi dynamics. All of this still from Refiloe’s grandmother’s backroom.

Towards the end of 2017 to early 2018 Refiloe had been feverishly entering every entrepreneur competition or initiative he could find. One prize got them money to buy a small truck and a shipping container. “Ya, space is an issue *ekasi*,” he says. The shipping container was squeezed onto the tiny residential property in White City, just in front of the backroom. And that’s where Borothon Bakery is operating today. Smiling ruefully, he says, “It’s very spacious compared to where we were operating before.” How’s that for perspective – a shipping container is spacious. I guess when your premises were a backroom, then its huge!

“It’s now very professional,” he says, without



a hint of irony. “We have a sign and people can see where we are.” Borothon bakery’s truck delivers, but he has just restarted the trolley sellers. “We designed stronger trolleys,” he says. “The supermarket ones don’t work on the kasi streets”. So with new trolleys and branded umbrellas proudly shouting out Borothon Bakery, four trolley sellers walk the streets every day. Orders still flood in via Whatsapp and the trolleys rattle down the tiny kasi streets selling or delivering.

And then came the lockdown! Borothon bakery lost 25% of their business immediately, some of it from the closing of fast food sector, primarily the kota outlets, plus a large client at Baragwanath hospital. But the trolleys are picking up the business. Refiloe got an essential service permit and now each trolley and the truck are focussing on residential sales. He’s upbeat, optimistic, he has a plan, a strategy. “We were becoming too much traditional in the way we were doing business,” he says. “So I want to do things differently.” He planned to have 10 trolleys but the lockdown closed his supplier, so his trolley sellers just walk further. “We now have orders as far as Rockville,

even Dube, so the guys can walk about 10, even 15km’s, a day.” Each trolley has a permit, gloves, a mask and sanitiser. “They engage with a lot of people, so its important that we do the right thing,” he says proudly.

Refiloe has a recurring dream, it’s a dream of space, space to grow his bakery. He has woven magic with the tiny space cast his way, starting Borothon bakery in a space no larger than a townhouse kitchen, squeezing a container into a tiny Soweto yard. Imagine the magic he can weave, the loaves he can bake if he has space. “There are so many spaces with closed stores *ekasi*, but we can’t get those places! Maybe the government should help and take these that are not working and make them available to us small businesses.”

Refiloe doesn’t want a handout, he’s agile – constantly looking at reinventing his business, enthusiastic and articulate. He knows these kasi streets and these kasi people. Lookout for him, if he gets that space, there is no holding him back, lockdown, or no lockdown! **SR**

<https://www.facebook.com/borothobakery/>



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)



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# Out of stocks

## Putting the Distribution Centre's role into perspective

By Chris du Preez  
The Last 50 Yards

When speaking to Retailers/Manufacturers/Vendors about out of stocks there is one issue that is almost guaranteed to come up – The Distribution Centre (DC). It would seem as if the DC gets blamed for almost all 'out-of-stocks', and that any discussion of out of stocks is therefore, of little or no value, until such time as the DC solves its out-of-stock problem. But is this really true?

**D**istribution Centre (DC) Management would be the first to admit that DC's contribute to out of stocks at retail shelf level. But is the DC the bigger part of the problem? Worldwide research suggests otherwise.

In a study commissioned by Procter and Gamble, Coca Cola and Walmart that involved 661 retailers in 29 countries, it was found that only 28% of out of stocks were the result of up-stream issues – DC's, suppliers etc. The other 72% fell squarely on the shoulders of in-store practices such as late/no ordering, shelf labels disappearing, faulty SOH numbers, shrinkage, etc.

Of course, one could argue that the research was not done in South Africa and is therefore irrelevant.

But there is another way of looking at the issue, and that is by looking at probabilities. In much the same way that we can calculate the chances of winning a lottery, one can calculate the chances of eliminating out of stocks if only DC's could solve the problem.

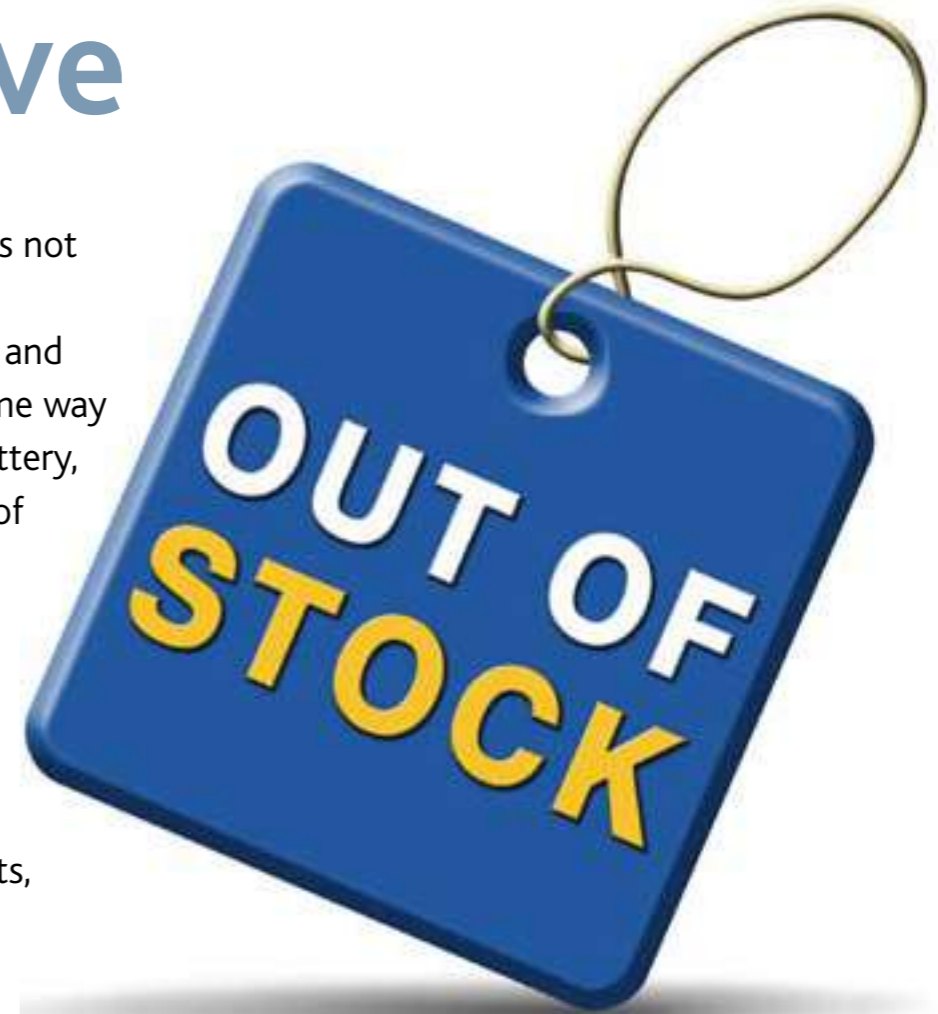
### Probabilities and out of stocks.

There seems to be consensus that one of the aggravating factors of out of stocks is that they are so very unpredictable. The blow can fall anytime, anywhere. They are indeed random events, almost like throwing a dice in a board game.

By using this analogy, let's assume that we are playing a game called, *Who is to blame for out of stocks?* We have a dice with six numbers on it.

Each number is labelled as follows:

1. DC's are to blame;
2. Drop shipment suppliers are to blame:
3. Stock was not ordered;
4. Shrinkage
5. SOH numbers are compromised.
6. Shelf edge labels went missing.



Of course, the dice could have more than six sides, but I think a six-number dice will prove the point.

Now if we play the game and our dice consistently comes up with the number one, we would wonder if the game was rigged. As indeed we should.

But wait, you say, the DC supplies 90% of my products, of course the dice should fall on 1 most of the time. And that, is a very reasonable argument.

If we therefore look at what probabilities can tell us about a world in which DC's dramatically reduces its out of stocks and the effect that such a change would have on out of stocks on the retail floor, we would come to a conclusion of who the REAL culprit(s) is/are.

## An (almost) perfectly functioning DC – what would it do for out of stocks?

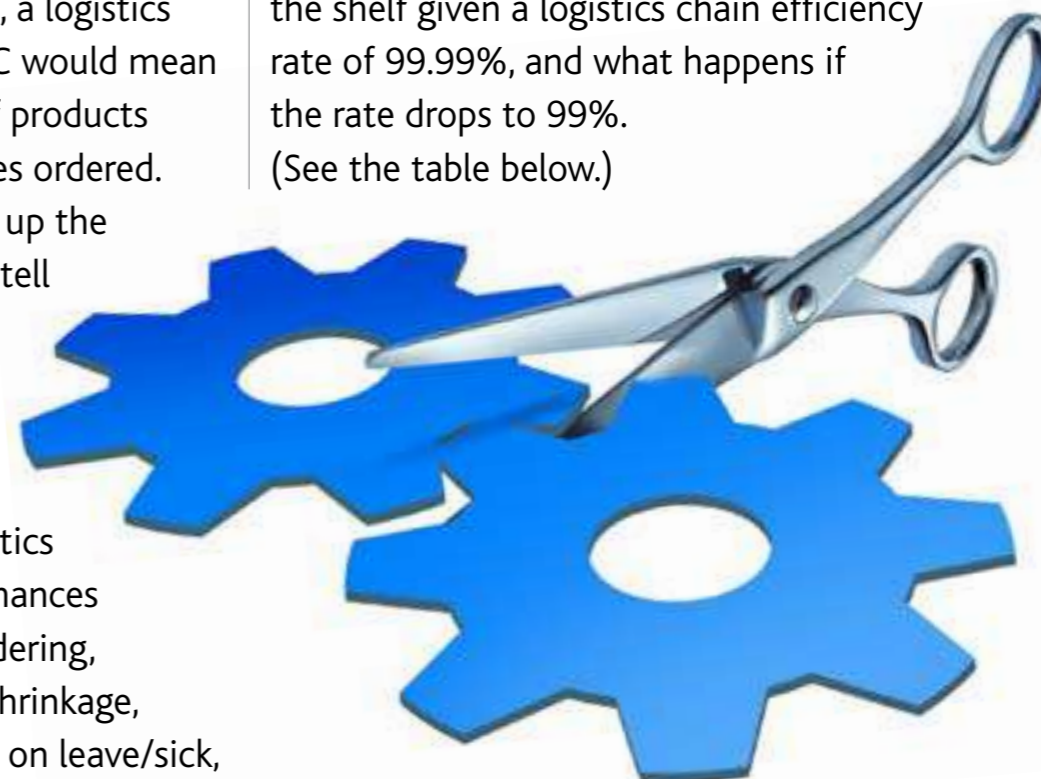
Getting a product through the till is a long and complex process that starts with the placing of an order by the retailer and ends with the product being placed on the shelf. For the sake of our discussion, we will break this chain of events into three players – Supplier, DC and Retailer. The whole chain of events can be referred to as the logistics chain.

The purpose of reducing out of stocks is to ensure that we maximise sales. The ability of the logistics

chain to deliver the product in the correct quantities, and in time, can be referred to as the logistics chain efficiency. Simply put, a logistics chain efficiency rate of 99% by a DC would mean that a retailer would receive 99% of products ordered on time and in the quantities ordered.

For the sake of our discussion, let's up the ante and see what probabilities can tell us about on shelf availability of products if ALL players in the logistics chain (Manufacturer, DC and Retailer) are working at a 99.99% efficiency rate in the logistics chain. This assumption means the chances that something goes wrong with ordering, delivery, quantities, SOH numbers, shrinkage, shelf labels disappearing, staff being on leave/sick, suppliers' issues, are reduced to 0.001%

Let's see how many days in a year stores with different SKU numbers will have all products on the shelf given a logistics chain efficiency rate of 99.99%, and what happens if the rate drops to 99%. (See the table below.)



Logistics chain efficiency	Number of Sku's	Probability factor	1 Year period (days)	All products will be on the shelf (days)
99,99%	5 000	60,65%	365	221
99,99%	10 000	36,79%	365	134
99,99%	15 000	22,31%	365	81
99,99%	20 000	13,53%	365	49
99,99%	25 000	8,21%	365	30
99,99%	30 000	4,98%	365	18
99,00%	5 000	1,49959E-22	365	0
99,00%	10 000	2,24877E-44	365	0
99,00%	15 000	3,37224E-66	365	0
99,00%	20 000	5,05699E-88	365	0
99,00%	25 000	7,5834E-110	365	0
99,00%	30 000	1,1372E-131	365	0

The results indicate the following:

- No single player holds all the out of stock cards. Even at an imaginary logistics chain efficiency of 99.99% a store with 10 000 Sku's will have all products on the shelf less than half of the year. All stakeholders have a role to play.
- The slightest reduction in logistics chain efficiency rates have disastrous consequences for OSA. Note how a drop of .99% in efficiency rates erase all gains made when the rate was 99.99%.
- Product proliferation and the resulting complexity of the logistics chain are the REAL CULPRIT. The more Sku's in store, the worse the chances are of having all products on shelf on a given day.

## Where to from here?

As we can now see, the root cause of out of stocks are product proliferation and the complexity of the logistics chain. None of those causes are going to disappear. The only solution is for the process to be managed.

From a managerial point of view managing out of stocks runs a familiar pattern. It is tolerated up to a point where it can no longer be ignored. Then meetings are held, stakeholders commit to solving the problem and things may go better for a while, until the whole process rears its ugly head again.

So why is the process so resistant to solutions?

It needs to be said that eliminating out of stocks completely is not possible. If an up to date out of shelf management system is available, reducing it by 50% is easy, reducing it by 60% takes a small effort, and if all stakeholders are on board a consistent 75% reduction can be achieved. All of this can, and has been achieved without changing DC procedures by a single iota.

A 100% reduction is not possible. In order to achieve the desired reduction four steps, need to be taken.

### ● A change in perceptions

The only reason why DC's are regarded as the main cause of out of stocks is because retailers and vendors have a blind spot as to what is happening on the retail floor. Not only is this where the real problem lies, this is the source of erroneous information that is fed to DC's and aggravates the problem. If you don't have a tool that exposes the



issues on floor level, you can only see the DCs' contribution, and (erroneously) blame them for the problem.

### ● Upgrade your tool-kit

There is not a single out of stock management tool that is not compromised by one or more of the following factors – SOH numbers, operator integrity and discipline, ignorance of how much detail is lost if you focus on average sales numbers, the false sense of security that is generated by site visits, the fundamental unreliability of visual aids such as photographs, the workload of merchandisers. Sales reports that tell us when last a product has sold are always interpreted in such a way the alarm is sounded when significant damage has already been done.

### ● Change the terms

Change the terms of your SLA with your merchandising company. Merchandising Companies exist because they extract an ROI from labour, and this is very bad news for small to medium size manufacturers and suppliers. It is an unpleasant fact that at the end of the day, the most complex, persistent and expensive problem in retail is left in the hands of persons whose only tools are a set of eyes.

### ● Employ new technology

Heed Professor Einstein's advice...

“ The definition of insanity is doing the same thing over and over again, but expecting different results ”

Out of stocks will remain a persistent, expensive and exhausting problem until such time as purpose built, scientifically designed technology is employed to solve the problem. The old technology has clearly failed, and dismally so, in spite of stake-holders commitment and hard work. It is time to employ new technology. **SR**

**The last 50 Yards** offers an out of stock managing toolkit that overcomes hurdles to on shelf availability: erroneous SOH numbers, missing shelf edge labels, stock has not been ordered, stock is still in the back-up, and late delivery of stock.



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# Retail hangover or B12 injection recovery 2021

**D**espite content fatigue with overused references to last year like, 'unprecedented', 'challenging' and everyone's personal favourite 'new normal' one must metaphorically bundle them up as lessons learnt and opportunities discovered. Two steps back, two steps forward is the new groove as we move beyond.

Falling productivity and high deficits will certainly linger as business investment suffers with a tough forecast in a post Covid market that will not favour, smaller players for some time to come in terms of closures and retrenchments. Along with retailers who are unable to adapt quickly to meeting the needs of a more switched on digitally savvy consumer, with a cost-conscious eye.

"We had so many dynamic moments of change last year, that we could only keep our heads down and focus on getting through this extremely challenging period, and as much as the pandemic exposed vulnerabilities, it has also revealed unseen opportunities. By and large it tested business continuity, planning, digital ecosystems and their stretch capabilities, and supply chain flexibility. This year, retailers will have to continue to pedal fast with adaptability, strategic conviction, and an innovative mindset to sustain growth," said Mike Smollan, Chief Growth & Innovation Officer, Smollan.



Retailers need to adjust to best serve the post-pandemic consumer as comfort levels shift with a sense of slowly getting back to pre-pandemic activities.

PWC, when reporting on the UK economy said, "Our expectation is that the economy will recover on pre-lockdown levels by the end of 2021 under the 'contained spread' scenario and in the middle of 2023 under the 'further outbreak' scenario." A similar footprint will most likely occur in many parts of the world.

In a recent Deloitte's Africa report based on a scenario where pandemic containment efforts prove successful, they expect the South African GDP following a decline in 2020, to gradually improve in the second half of this year. If the pandemic lasts longer,



naturally the economic downturn will lead to extensive liquidity and balance sheet pressures putting strain on businesses and financial systems.

The burning question now is, how retailers need to adjust to best serve the post-pandemic consumer as comfort levels shift with a sense of slowly getting back to pre-pandemic activities. Some of the key focus areas for retailers to consider as they begin this year, should be around building customer loyalty that is authentic; understanding that trust is the new currency; investing in offline and online strategies with an omnichannel approach as well as keeping a keen eye on managing store assets.

With online shopping seeing a huge uptake last year, and an 'offline is online' and 'online is offline' approach to bridging the gap, a new richly interactive environment will benefit both to compliment advances in technology and changing behavioural patterns. Author and CEO of The Retail Prophet Doug Stephens points out, "In the future, all but the most convenience-based retailers will begin to use their stores as media to acquire customers and their media platforms as stores to transact sales. Media is now a cost of sales and rent is now a cost of customer acquisition. Retailers that miss or ignore this shift will do so at their peril."

Retail-Week UK suggests that retailers should take a leaf out of the grocer's books and, rather than batten down the hatches should further lockdowns occur, instead find new ways to innovate and keep customers coming back. Tesco for example has been on a successful drive to boost customer



loyalty with its Aldi Price Match Scheme across 500 branded and own-label lines and its Clubcard loyalty scheme. It is the retailers who have invested and continue to invest in their offline and online strategies that will reap the rewards. Take Ikea who opened 26 new locations across the globe last year with a plan to open a further 50 stores.

In terms of shopping centres and rental space, FNB Property Strategist John Loos during a recent presentation on the 2021 Property Market Outlook said that the commercial property market would continue to experience rental deflation and "ongoing property value correction and would remain under pressure this year, with retail property having to deal with the emerging online retail trend."

MD of the Sandton City precinct, Preston Gaddy interviewed at the Flux Trend Alinea Marketing Master Class pointed out that retailers need to invest in their staff – incentivising and listening to them to understand what the consumers are saying. Along with the need for retailers to collaborate with landlords. Continually engaging with centre management, looking for opportunities and understanding their marketing approach for the coming months.

Despite shifts both positively and negatively as retailers find their footing, the sense is of an industry re-writing the retail history books on a new road to recovery – one that is battling back amidst the most challenging of social and economic backdrops. **SR**

# Online merchants: Check your T&Cs before they bite

## Terms and conditions DO apply – tales of an online store builder



By Dr Howard Rybko  
CDO at Synchrony Digital

In my experience, terms and conditions (T&Cs) are one of the last 'to-do's' in the rush before a new online store goes live.

Many online merchants think T&C's are a chore. They palm the job off to some sucker in their team, which leads to a last minute find & replace of some pinched T&Cs or else a kick down the road to a legal person somebody knows.

Either choice carries too much risk for my liking. If you want to limit some potential unexpected costs, I suggest you read on.

### The wine special offer

Let's take a quick look at what happened to one of our Magento store owners, who runs an online store as part of a successful wine farm.

Her marketing people came up with a special: two bottles of wine for the price of one, which only applied to two specific cultivars. To complicate matters, the special would run concurrently with



a storewide discount coupon that had previously been mailed to their customer base. Under no circumstances could this discount apply to the special because this would result in a significant loss to the winery.

Unsurprisingly, a few 'smart shoppers' found a sequence that allowed them to double discount the special.

First, they added other products to their carts and applied the discount coupon to these items.

Then they added the specials. At checkout, the system recalculated their carts and mistakenly applied the discount to all cart items including the specials. Then they paid and waited for their orders to be delivered. The few orders that were done this way caused the winery a substantial loss ... which brings us back to our Terms & Conditions.

I am not a lawyer and cannot offer legal advice, but I would like to point out some general principles that may save you from similar losses.

### Offer and acceptance

To make a sale, a buyer and a seller are required:

- Buyer makes an offer
- Seller accepts the offer
- Acceptance triggers a contract of sale (written or oral)

The instant the seller accepts the offer, a contract is established. In the online world, this means that no amount of talking, clicking or emailing beforehand constitutes a binding agreement between the two parties.

## How does offer and acceptance affect your online store?

From the buyer's perspective, an online sale is accepted as soon as payment is made.

As an online merchant, does this suit you? Does the trigger for your contract of sale necessarily need to be based on successful payment?

Definitely not!

## The Contract of Sale Trigger depends on your T&C's

I'll wait while you go read yours ... probably for the first time.

Try to see if you can determine at which point your business accepts the order.

Spoiler alert! It does not have to be when payment is accepted.

## The hidden costs of cut & paste T&C's

Because our winery's T&Cs originated in the way I described in the beginning of this article, acceptance of their orders was triggered by payment. This allowed the 'smart shoppers' to get away with their trickery and left the winery with no choice but to honour the deals.

It could have ended differently if someone at the winery had read this article.



## What is the best time to Trigger Order Acceptance of an online purchase?

Many online stores, having sourced their T&Cs from real shops, initiate the contract at the point of successful payment. This strategy works best when the cash register's bell rings or when the credit card machine spews a warm receipt. The customer then grabs the goods and leaves.

Sale complete. Contract in place.

It doesn't work this way online. After online payment, several actions are required to assemble and deliver the order to the customer.

Anyone running an online store knows how many ways things can go wrong during this process.

Can your pilfered T&Cs cope with all these uncertainties?

No, they can't.

You can avoid all the risk with a single line in your T&C's, which goes like this...

“Your order is accepted upon delivery of the goods to you or upon your collection of the goods”

To be super clear, you can also add this...

“This is true, regardless of any communication from our staff or website indicating that your order or payment has been confirmed. We will indicate the rejection of your order by cancelling it and refunding you as soon as possible”

This way, your contract of sale is triggered only when the buyer physically receives their order. You can, at your option, cancel, refund or reverse an order at any time before delivery or collection, without any consequences.

This will surely save you money and stress in the future. **SR**

Dr Howard Rybko is an online sales specialist with many years of experience building, supporting and marketing online stores. As he is not a lawyer, he does not offer legal advice, so this article is intended to be a source of interesting and hopefully useful information for online store owners.

Syncrony is an established digital agency with years of experience in e-commerce and software development.

# Alcohol industry in recovery

## Glass half full

By Mike Smollan

Chief Growth & Innovation Officer  
Smollan

The alcohol industry has taken a massive knock with the prohibition of alcohol at various times since the middle of last year. At the same time, the country realised the serious impact alcohol has on the trauma units. The question is how does the industry open again to make up their losses while encouraging responsible drinking to keep the trauma units open.

**W**ith the brakes applied in lock-down and a nationwide ban on alcohol spilling over into the New Year, letting your hair down flamed by one's favourite tippie was turned on its head as spare rooms, car boots and garden sheds were hastily converted as 'stocking up' was adopted overnight as a national pastime.

Pineapple and yeast concoctions and moonshine mixer jokes aside, the stark reality was seeing an industry that supports over one million livelihoods across farming, retail, manufacturing, logistics and SMME bases pushed to breaking point due to trade suspensions.

News from the Presidency this week lifting the ban on alcohol provides much needed relief for this



sector as they open up, undoubtedly counting the economic cost for a long time to come.

Seeing the fall out has been dramatic. South African Breweries (SAB) a stalwart in the industry, announced last month that they were forced to cancel a further R2.5 billion of capital investment

bringing the cancelled investments since alcohol sales were banned, to R5 billion. In an IOL Business Report Hellen Ndlovu, Director of Regulatory & Public Policy at SAB, laid bare the figures of an industry that contributes R173 billion to the country's GDP, which lost R21.8 billion in revenue



during the first two bans in 2020 and 165 000 jobs losses across the chain.

At the same time, the debate as to how we deal with our attitudes around alcohol in South Africa is long overdue, with a tip ratio that needs to find a level playing field. When we celebrate in our homes, in bars and restaurants and at social gatherings, the general view seems to be one of a symbiotic nature, that equates having a great time with a beverage in hand, almost as if you can't have a good time without it.

When you see pictures posted of the country's largest hospital, Chris Hani Baragwanath reporting no trauma patients on New Year's Eve for the first time ever, one has to surely pause, reset, and engage. A dramatic drop in alcohol related admissions from car accidents to gender-based violence and related crimes proved the importance of having the ban in place to keep the focus on managing the virus and not burdening an already overwhelmed healthcare system. If alcohol related trauma cases interfere with efforts to combat the virus, one has to assume that the booze ban could be back in effect.

So where to from here? While the wine industry, breweries, liquor stores and restaurants will be rejoicing and rightly so as restrictions on trade are lifted, surely, we have to emerge with lessons learnt and a more committed approach as to how we treat alcohol and the consumption thereof. The question that needs to be answered is how the industry trades again while at the same time finding a long-term solution to



encourage responsible drinking. Undoubtedly it is going to be incredibly hard to switch such an ingrained narrative unless communities, individual households, retailers, and government is committed and mobilised to make the change.

Chief Executive of the Gauteng Liquor Board Raymond Martin, addressing a liquor traders' seminar, encouraged members to put measures in place around responsible drinking saying, "These sessions should not be about ticking boxes of targets met. When you go back to your communities there must be an impact."

Noble sentiments but who will manage the checks and balances?

Currently legislation around zero tolerance to drinking and driving, has been closed for comment and seemingly on its way to being passed into law. Initiatives around increasing the price of alcohol on those with a higher alcoholic percentage; raising the drinking age to 21; no alcohol advertising on social and small media and a liability clause for alcohol sellers, are all under review on the directive of President Ramaphosa.

The conversation is long overdue in terms of accountability, one that touches each and every South African. As the ban is lifted, a much-needed recovery in every sense of the word, will be required going forward. **SR**

