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## Power to the people The energy question

From Dairy to Cheese  
to Ice Cream, and  
Everything in between



**Storewatch:**  
Stack them high  
and watch them fly

**Hawker hotspots  
& table top traders**

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## FEATURES



### Energy savvy: Power to the people

Cable theft, aging and failing infrastructure and extended delays when it comes to bringing new power supply units online make the situation untenable for most power-dependant businesses. Understanding where your electricity goes, how you use it, and how to save it, is therefore critical. Ann-Baker Keulemans looks into the key question: "Why are efficiency and sustainability essential for future-proofing your business?"



### From Dairy to Cheese to Ice Cream, and Everything in between

By Marguerite Sanders. The Dairy category is a favourite

for many consumers – but it needs an agile, multi-pronged approach to maximise its potential.

### Storewatch: Econo Foods, Fourways

Jaime van Aswegen went to the opening of this new store which follows the motto, "Stack them high and watch them fly." It is the group's 21st retail store in and around South Africa with another 10 outlets set to open over the next year and a half. The flow of fully stocked fridges and freezers throughout the store allows for the attractive premium house brand, Food Land, and their economy private label, E-food, to truly shine amongst other quality brands available.



### The informal sector

GG Alcock writes that hawker hotspots & table top traders are sophisticated business people, often doing turnover which will make heads turn among formal supermarkets and stores.

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### Delight your customers

Aki Kalliatakis asks a question critical to all leaders ...

"Who motivates

the motivators?" His answer comes from thinking about what cheerleaders, dogs and young kids have in common. Because knowledge is power – but enthusiasm pulls the switch.

## NEWS

### Nielsen research: Home meal replacement

Severely constrained consumers emerge from the covid-19 quagmire. 78% of South African consumers have changed their purchase behaviour.

### BMI research: Online retail challenges

A study evaluating the consumer experience has highlighted the challenges that continue to face online retailers, including ensuring sufficient stock, transaction and delivery issues, and unclear refund practices.

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# Resurrection, Rejuvenation, Reinvention



Helen Maister

**R**etailers have been working flat out since the beginning of lockdown. Okay, let's be honest, retailers have been working flat out since birth (in this industry). Easter holidays have given many retailers the chance to take a break and a moment for rejuvenation.

Q1 has been a bit sluggish, but the outlook is good. Government is being proactive in getting the economy going and getting a grip on corruption. Uncle Cyril is looking steady in his position, while Niehaus, Ace and the RET faction look like they are losing traction. Sanity will prevail and therefore a more conducive business environment.

Vaccine roll-out has started, sluggishly is the understatement, but Discovery have negotiated hard to help government with the roll-out for the nation. As always the private sector will carry the ball. Without us, there is no resurrection of the economy.

Reinvention – the race for roof space is on! What do I mean by that? Every solar/power organisation is vying for your roof space. Load-shedding and interrupted power supply has given this industry legs in South

Africa and they are coming for your roof tops.

A secure and reliable power supply is essential for the profitable operation of today's retail outlets. Supermarkets are one of the country's greatest commercial energy consumers and, with costs rising rapidly, energy efficiency and sustainability are a key focus for all retail groups and independent stores.

Cable theft, aging, failing infrastructure and extended delays when it comes to bringing new power supply unit's online make the situation untenable for most power-dependant businesses. Understanding where your electricity goes, how you use it, and how to save it, is therefore critical.

GG Alcock, writing about *Kasi* hawkers, says ...

“Beware of the term informal. It misrepresents these spaces, creating perceptions of disorganisation, free-for-all, low income and transient traders.

None of these terms are true for more than 80% of hawkers and table top traders, with most of these traders resident and trading where they are for anything from two to 15 years and making very decent incomes from their trade”

Dairy – The current dairy landscape in South Africa MilkSA's Quarterly Reviews of the Performance of the Dairy Industry for 2020 Q3 and Q4 show that the demand for dairy products in South Africa held firm during and, in spite of, the last four consecutive quarters of negative economic growth in 2019/20, and the impact of the 2020 Covid-19 lockdown in SA. "This indicates a positive perception amongst consumers about the importance of dairy in their daily diet," says Bertus van Heerden.

While price, quality and freshness are critical factors driving the success of dairy sales, there are other drivers within the many sub-categories that are important to consider when looking at ways to grow your sales, says Marguerite Saunders

Aki Kalliatakis says, "Customers want us to help them in a manner which is confident, certain, flawless, seamless and smooth. They want you to show them the right way, to take the leadership, to be the example, and to build their confidence that you really do know what you are doing. When they come to your business, it needs to be a little haven of peace and quiet, an oasis in the desert of despair and disappointment that they daily experience in their lives."

Helen Maister

Helen Maister



# What do cheerleaders, dogs and young kids have in common?

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.

This month I've spent a big chunk of time completing a series of mystery shopping experiences for one of our clients. For the first time in the past year I travelled all over our beautiful country, visiting store after store after store. When I looked at the tempting products, neat displays, great special deals, and efficient processes like replenishing stock and paying at the end of it all, the experiences were mostly very good. 10 out of 10 all round.

But there was something that troubled me, and, once aware of it, I've noticed it just about everywhere where I spend my money, (whether as a consumer, or as a business owner.) The past year has been brutal for business and for people. I won't list all of the negative stuff that has happened,

## Knowledge is power – but enthusiasm pulls the switch.



but if I am honest with you, I too fell into the depths of despair in what Winston Churchill called "The Black Dog." I too succumbed to negativity, pessimism and a lack of energy to complete even the most basic tasks, even as I fell desperately behind in my work.

Someone asked me, "Aki, who motivates the motivators?" and I just couldn't answer. (That's when I knew I needed help.) But this topic is really critical for all leaders if we are to get through the next few years.

“Do you remember when you were a little child of 5-years old, and the teacher asked the class a question? All the kids put up their hands and said, "Pick me! Pick me!"”

That energy and enthusiasm is so infectious. And we see it with cheerleaders too, as they try to get a crowd going.

Even my dog greets me and plays with me with great enthusiasm.

**It's infectious,  
contagious and just fun.**



Just in case you haven't realised it, there are so many positive benefits and consequences to enthusiasm ...

- It inspires and motivates people.
- It reduces stress, anxiety and pessimism. It helps people re-frame their nervousness as excitement.
- It breaks down barriers, especially when you need to resolve things that make customers unhappy.
- It leads to innovation, and an openness to learning something new.
- It's perpetual, and it feeds off itself.
- It makes you and people on your team immune to resistance to change and implement actions that lead to success in the way you do things.
- It builds self-esteem and confidence.
- And it delights your customers.



As writer Percy Whiting put it, "You can do anything if you have enthusiasm. Enthusiasm is the yeast that makes your hope rise to the stars. Enthusiasm is the sparkle in your eye, it is the swing in your step, the grip of your hand, the irresistible surge of your will. Enthusiasm is your energy to execute your ideas. With enthusiasm there is accomplishment. Without it, there are only alibis." Sam Ullman also put it so nicely:

“ We grow old by deserting our ideals. Years may wrinkle the skin, but to give up enthusiasm wrinkles the soul. ”

But my favourite (and fun) definition of enthusiasm goes like this: "Enthusiasm is when the bridegroom, on his wedding night, switches off the light – but is in bed before the darkness falls." Imagine if you could put that same excitement and eagerness into your business!

If you cannot put some energy and optimism into what you do, all you are left with is some excuses about why things didn't happen.

When you look at the top qualities of remarkable leaders, the ability to display enthusiasm and energy is right there. So creating and displaying passion and energy and enthusiasm is your job as a leader. But the big question is "How?"

Well, let me try to make this simple: If you walk enthusiastically, talk enthusiastically, think enthusiastically and act enthusiastically, then you will be enthusiastic.

If you don't feel it, fake it – and then the feeling will come. What I mean by is you occasionally have to talk your way to a positive attitude. If I wake up and think it's going to be "one of those days," guess what? It turns out to be dreadful. On the other hand, when people ask me how I'm doing, I'd much prefer to say "Fantastic! In fact if I was any better I'd be twins!" Words are contagious. Hopeful words infect people with energy and enthusiasm.

I know sometimes I'm one of those terrible people that some people love to hate. Someone once said to me, "But you're always in a good mood." But that's not true. Ask my wife! I do have my bad moments but the point is that when I put on a show it creates an expectation of optimism and hope – for me and for the people around me.

Nevertheless, if you want some examples of what you can do, there are lots of possibilities. For example pay people honest compliments. Or arrange lots of fun things, every day.

Make up a company song with a familiar tune but your own words. Serve ice-cream or muffins to your whole team to celebrate being alive. Have quizzes and contests, or create some innovative

gaming event with prizes. Bring in an entertainer or a magician to work.

One of our clients had a "Best T-shirt contest one Friday. Second place went to someone who wrote "Heaven is where the police are British, the chefs Italian, the mechanics German the lovers French and it's all organised by the Swiss. Hell is where police are German, the chefs British, the mechanics French, the lovers Swiss and it's all organised by the Italians."

But the winner wore a T-shirt that said, "Video games ruined my life. Luckily, I have two more lives." Or you can create some badges or shirts that people can wear and show others: "Business is GREAT!" Or, "I smile for no reason."

If people put as much effort into solving their problems as they do complaining about them, imagine how much happier we all would be. We need to keep hope alive, even perhaps against impossible odds, for true hell is when we lose hope. We all need to get a bit crazy again, and get in touch with all of the beauty around us. And to stop taking ourselves so seriously! **SR**



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# Power to the people

## The energy question: Why efficiency and sustainability are essential for future-proofing your business

A secure and reliable power supply is essential for the profitable operation of today's retail outlets. Supermarkets are one of the country's greatest commercial energy consumers, and with costs rising rapidly, energy efficiency and sustainability are a key focus for all retail groups and independent stores. Cable theft, aging and failing infrastructure and extended delays when it comes to bringing new power supply units online make the situation untenable for most power-dependant businesses. Understanding where your electricity goes, how you use it, and how to save it, is therefore critical.

### The current landscape

The energy state of affairs in South Africa is dire, and it seems things are unlikely to improve any time soon. Like most businesses in South Africa, the supermarket and FMCG retail sectors rely heavily on electricity, and by extension, on national energy supplier Eskom. This is a somewhat precarious



position to be in, however, and those who can afford to look at alternative energy sources are doing so. Eskom CEO Andre de Ruyter recently announced that South Africans can expect to endure loadshedding for another five years.

This assumes that unlike undertakings of the past, retrofitting of existing power generation units, the building of new units, and preventative maintenance actually take place, and within the expected time frame. Eskom has also proposed

several new tariffs, tariff structures, and buy-back rates that will affect those who use solar power, and those who use most of their power during peak periods. Taking all of this into account, now is certainly the time to relook your energy efficiency.

### Maintaining standards

Electricity is essential to keep your business running but keeping the lights on (and the fridges cold) affects more than just your bottom line. Customers have run out of

patience with Eskom and don't always accept loadshedding as an acceptable excuse for a sub-par shopping experience.

Particularly in mid- to upper LSM areas (and certainly applicable to shoppers across the entire LSM spectrum), your customers will expect their shopping experience to remain unhindered by a loss of power, which means all your lights, refrigerators, HVAC, bakery equipment, and till points need to stay switched on.



# CASE CLOSED

## Energy Saving Solutions

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

## Air Shield Glass Doors

### Features and Benefits

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

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



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

### The value benefit

- High-quality locally manufactured solutions featuring the latest energy-saving technology.
- Demonstrated good pay back periods can be expected.
- Customised solutions to suit your store.
- ISO 9001 accredited factory.
- Safety toughened glass in accordance with SABS/SANS certification.
- Flexible installation timing to offset any customer disruption.
- Financing options available.

**You can trust a Glacier door**





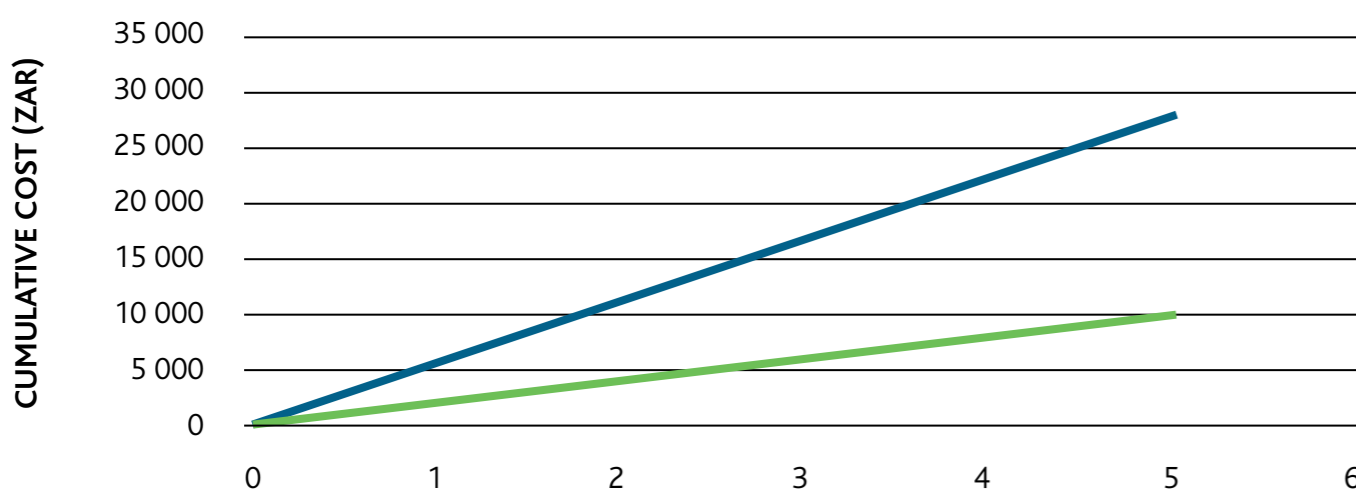
# CASE CLOSED

## Energy Saving Solutions

### Eco Leaf Freezer Doors

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

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



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

## Focus areas

Becoming more energy efficient and sustainable is both a cost-saving exercise and good for the environment, so looking into alternative energy sources is the smart thing to do. But where do you start?

The biggest energy consumers within the food retail space are refrigeration, lighting, HVAC, and bakeries. This is also where the most energy loss and wastage occur.

Refrigeration and HVAC can account for anywhere between 30% and 60% of a store's total energy consumption. This is a massive bill, and not something that can be skimmed on, as food safety and hygiene are on the table. Lighting is the next largest consumer, with 15% to 25% of total electricity usage. Bakeries might not be the biggest energy consumption culprit, but they are a constant drain as they rely on a stable supply to retain optimal functionality.

As the price of electricity rises, reducing costs and increasing efficiency is a key consideration for many stores and retail groups. A white paper released by Schneider Electric in 2013 identified that due to refrigeration and HVAC needs, food retailers can consume as much as three times as much energy per square metre as non-food retailers, depending on factors such as the type and size of the store, business and merchandising practices, and refrigeration and environmental control systems used. There are several low-cost steps you can take to increase your energy efficiency.



Photo courtesy of Danfoss

In its quest to achieve sustainable and reduced energy consumption, German retailer Aktiv & Irma installed a system that enables the store to recover the heat generated by their refrigeration units and use this to heat their stores.

- Take meter readings regularly and always check your electricity bill. Unexpected spikes or increases may indicate an electrical issue.
- Ensure all thermostats are regularly checked and calibrated as even small differences mount up over time.
- Compile a comprehensive operational and preventative maintenance plan to identify and rectify problems immediately.
- Take advantage of any sources of natural light to cut down on power-generated lighting.
- Adjust store temperatures seasonally where possible.
- Install energy monitoring software or smart meters.

## Becoming more energy efficient

Monitoring and managing energy consumption are essential for energy efficiency. You need to know how much electricity you are using, when you are using it, and where you are using it.

But that's only half the battle. You also need to manage your energy usage, which means scheduling everything from lighting and HVAC to maintenance and monitoring on a rotational audit schedule.

In a Cold Link Online article by Ilana Koegelenberg titled An insider's look at supermarket refrigeration in SA, Dawie Kriel, director at Energy Partners, lists the following popular energy saving products and technologies:

- Modulating unloading heads on compressors to cater for variable loads.

- Variable speed drives for capacity control of fans and compressors.
- EC (Electronically Commutated Fans). This combines AC and DC voltages to get the best of both worlds.
- Electronic expansion valves that enable considerable energy saving, as they allow a lower condensation pressure in systems equipped with air cooled condensers, which is adjusted to variations in outside air temperature.
- Brushless DC compressors.
- LED lights in cabinets and rooms.
- Perspex and glass doors on chiller cabinets, which create large savings.
- Raised suction temperatures and reduced condensing temperatures, sometimes using 'floating' algorithms in controls.
- Detailed energy and temperature monitoring with trend logging and active management.

### Saving on refrigeration energy consumption

The technology behind commercial refrigeration has improved dramatically over the years, with new units offering exceptional benefits, from energy efficiency and savings, to increased cooling and temperature moderation capabilities. For those unable to commit to the capital outlay for new units, retrofitting with seals, air foils, and doors is also an option. Something as simple as adding doors to your freezers, or even air foils that redirect most of the cold air back into the unit itself, can



Photo: www.kampmanngroup.com

German supermarket Aktiv & Irma in Oldenburg engaged Danfoss and SMA Solar Technology to help them become a 'prosumer' – a consumer that produces and stores energy. The two companies worked together to provide the key components that would enable the store to run with an energy consumption level roughly 20% below the average for European supermarkets.

“ Understanding where your electricity goes, how you use it, and how to save it, is critical. ”

result in not insignificant energy and cost savings.

According to industry experts Colcab, new generation upright refrigeration cabinets are about 30% more energy efficient than the older generation units. In fact, based on a COP of 2.5 and R1.50/kWh, a 12' new generation narrow upright

could result in R6 300 less electricity cost per year, compared to a standard 12' lofty upright. Factory installed or retrofitted glass or acrylic doors on refrigeration units can result in up to 60% savings for upright cabinets and 40% savings for island freezers. If you were to invest in Colcab's Eco Leaf upright freezer doors, which are 64% more efficient than standard doors, you might see a saving of R6 700 for the year for a four-door freezer.

Investing in a brand-new system is just not financially feasible for many smaller stores. Daniel

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“The biggest mistake retailers make is assuming that energy efficient solutions are expensive.”

De Beer, regional manager for Sub-Saharan Africa, Emerson Commercial & Residential Solutions, says, “The biggest mistake retailers make is assuming that energy efficient solutions are expensive. This is not true – most of the time you can achieve substantial savings by making sure your refrigeration system is properly commissioned. The cheapest energy saving solution is recommissioning, followed by everyday solutions such as floating head pressure control, floating suction pressure control, suction pressure regulation, and electronics (valves and smart controls). We often find that retailers are overlooking the simplest thing available; COP – how much energy do you need to achieve a kW of cooling.” (Coefficient of Performance (COP) indicates the efficiency of heating and cooling a refrigeration system. The COP is defined by the ratio of heat dissipation and electrical power intake. The larger the COP, the less energy is required per kW of refrigeration). “A very small difference in COP has a large impact on your energy consumption, and this is very rarely looked at during the CAPEX process,” Says De Beer.



### Environmental considerations

For small to medium stores that decide investing in natural gas is not currently feasible, De Beer says, “What needs to be looked at is the Global Warming Potential (GWP) and Ozone Depletion Potential (ODP) – there are multiple refrigerant options available today which offers 0 ODP and a GWP of less than 1500.

These are good alternatives, and even though it’s not natural, it is a sustainable alternative, which has the potential to offer you similar energy savings at much lower capital expenditure costs. If you are not using natural refrigerants, you must invest in a good installer (good pipefitting and installations reduce leaks) and a reliable leak detection system, something which can offer you accuracy down to 3-parts per million (PPM). This way, you can mitigate any potential leaks and damage to the environment.

Look for a service provider that includes a site analyses and works in partnership with your store



## HOW TO DO AN EASY STORE ENERGY AUDIT

- Scrutinise your electricity bills. To establish an historical usage pattern, you should look at about three years’ worth of statements.
- Do a walk-through survey. This is to visually identify problem areas, where lights or machinery may be left running, for example, or where preventative and ongoing maintenance would be of benefit, such as refrigeration units, tubing and piping, compressors, meters, pumps, and valves. You can also determine the operating conditions of systems such as HVAC, lighting and refrigeration.
- Identify your main areas of energy consumption and where energy savings can be made, such as old lighting fixtures, not using heat reclamation pumps to obtain hot water from your refrigeration units, adding doors to refrigeration units. Identify whether you have space for solar fittings or generators.
- Prepare a comprehensive list of potential energy saving actions.
- Estimate the energy use density and hours of operation for separate areas.
- Check equipment for efficiency and calibration.
- Prepare an estimate of cost savings that could be achieved and an estimate of the outlay to implement the energy saving initiatives. This will tell you if the return on investment is worth it for your business.



Up to 40% energy saving with our Close the Case Glass Doors

## Ways to save

With energy costs rising and food retailers looking to improve the shopping environment for customers, Insulated Structures has developed an effective solution to reduce the cost of in-store refrigeration while enhancing the customer experience.

Insulated Structures doors are easy to retrofit on in-store cabinets to reduce the energy required to keep chilled foods at the correct temperature.

Meanwhile, customers are able to clearly see and access the products on offer. Reduced energy requirements means smaller refrigeration plant selection for new stores. These savings will offset the cost of the doors. Up to 40% reduction in refrigeration requirement has been achieved.

## Benefits

- Reduced energy consumption
- Extended product shelf life
- Double glazed argon filled void for Better insulation
- Optimal product temperature
- Glass doors have optional mullion lights
- Handles included
- Up to 40% energy saving
- Solution for new cabinets or retro fitted on existing cabinets
- Doors are spring loaded
- Less cold air spillage - warmer aisles
- Proudly South African

## Aspects

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to help reduce energy consumptions.”

According to Freor, a Baltics-based commercial refrigeration manufacturing company, “Fluorinated greenhouse gases (F-gases) are widely used as refrigerants in commercial refrigeration. F-gases are powerful greenhouse gases that trap heat into the atmosphere and contribute to global warming. Hydrofluorocarbons (HFCs) have become the fastest-growing source of greenhouse gas emissions globally.”

Investing in natural refrigerants is good for the environment, and results in energy savings too.

A good alternative to F-gases is environmentally friendly propane (R290) gas. R290 is a natural refrigerant that does not affect the ozone layer nor cause any environmental damage when emitted. It is non-toxic, Ozone Depletion Potential (ODP) 0, Global Warming Potential (GWP) 3, and is up to 30% more energy efficient than HFC systems.

CO<sub>2</sub> (R744) refrigerant is a sustainable, non-toxic, non-flammable refrigerant. It has no effect on global warming in case of leakage and it has ODP 0 and GWP 1.

### Remote and real time monitoring

Monitoring the temperature of your refrigeration, freezer, and cold room units is an important part of maintaining energy efficiency. This can be done using the Internet of Things (IoT) to connect smart devices to your refrigeration systems, which allows real time and remote access to your data. A solution such as the Ikhaya Automation Systems Wi-Fi Logger offers SMS or email notification of



Photo: www.danfoss.com

Danfoss and Freor also installed a digital energy management solution at German supermarket Aktiv & Irma using Danfoss' AK-SM 800 System Manager and SMA's ennexOS unit. Combined, the two components provide the store with an intelligent, two-way connection to the electricity grid and allows the supermarket to function somewhat like a giant battery that can store electricity when there is too much of it in the grid.

humidity and temperature violations, automated reporting, and remote real time access to your data via the Cloud.

### Saving energy on in-store lighting

When it comes to in-store lighting, you need an energy efficient alternative that still provides quality lighting. LED lights use significantly less energy than regular lights – they are 80% to 90% more efficient

than incandescent lights and about 20% more efficient than fluorescent lights – yet provide the same light output. LEDs also provide impressively stable light levels with an increased lifespan and are available in a variety of both warm and cool colours. LEDs have cooler operating temperatures and offer flexibility when it comes to in-store lighting, which is an added bonus when used to enhance food displays and direct customer experiences.





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\* Results vary depending on application, load cycle, the control and installed equipment etc. with many of our RETROfit customers experiencing >60% energy savings

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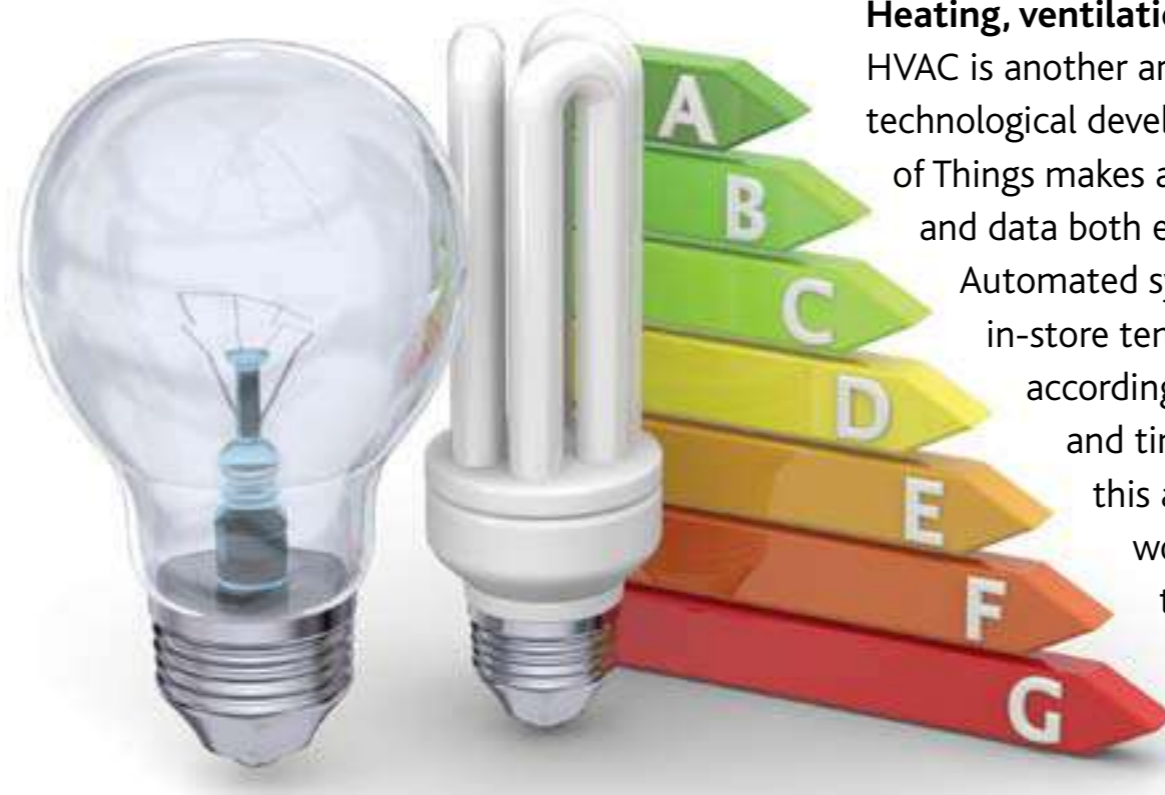
“Running cooler LEDs and automating your store lighting to ensure all non-essential lighting is switched off is also an effective way to reduce the heat load on your HVAC system.”

In addition to moving to LEDs, you could also look at a smart lighting system, particularly for staff-only areas. Presence-detection lights work using small motion sensors in the light fitting, switching lights on and off as people move in and out of the area. These can be controlled via a dashboard accessible on a PC, laptop, or smartphone, and with some systems you can include usage reports and consumption monitoring.

“It is even possible to centrally control your whole in-store lighting system, or systems across several stores.”

Progressive controls will also adjust to harvest the natural daylight by adjusting their own light levels to a pre-set standard, and the system can be auto-scheduled to allow for natural daylight hours. If you have not moved to motion-activated lighting, prepare schedules for front-and back-of-house lighting to ensure that you are not wasting energy with unnecessary lighting.

Solar powered lighting systems are a viable option but work best and are most cost-effective when installed as a complete unit, as they run on 12V DC.



### Improving consumption in the bakery

Bakeries require their fair share of energy. Variable Speed Drives (VSDs) can be used to improve energy efficiencies. This is a device that can adjust the frequency to regulate and adapt motor speed, to match the actual demand required by the system or application it is driving, resulting in a reduction in energy consumption. These devices can be retrofitted to existing machinery, and advanced units of this type of device can be interfaced with a system to provide real time operating data on the status and performance of the motor. Technological advances in machinery and controls make the monitoring of energy consumption simple. An example of this is the Touch Screen Oven, which yields significant savings when compared to old-school manual ovens.

### Heating, ventilation and air conditioning

HVAC is another area that benefits from recent technological developments. Again, the Internet of Things makes access to monitoring equipment and data both easier and more cost-effective. Automated systems can also control your in-store temperature and humidity levels according to the ambient temperature and time of day. Being flexible like this allows for energy savings that would otherwise be incredibly time consuming to achieve manually. Changing your air filters regularly, servicing your units yearly, and ensuring all air ducts are

properly sealed are simple yet effective ways of increasing your HVAC efficiency. HVAC systems can also be retrofitted for increased energy efficiency by replacing the compressor, adding condenser fan controls, adding demand-controlled ventilation, and adding air side economisers to take advantage of cool outside air. Replacing old and worn-out seals and tubing and ensuring all components such as valves and compressors will keep the system functioning optimally.

### International innovation

The EU climate targets for 2030 have encouraged increased innovation and development in several fields. Refrigeration, lighting, and HVAC technology are prime targets for energy savings, and companies like multinational engineers and

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## 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.



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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.**

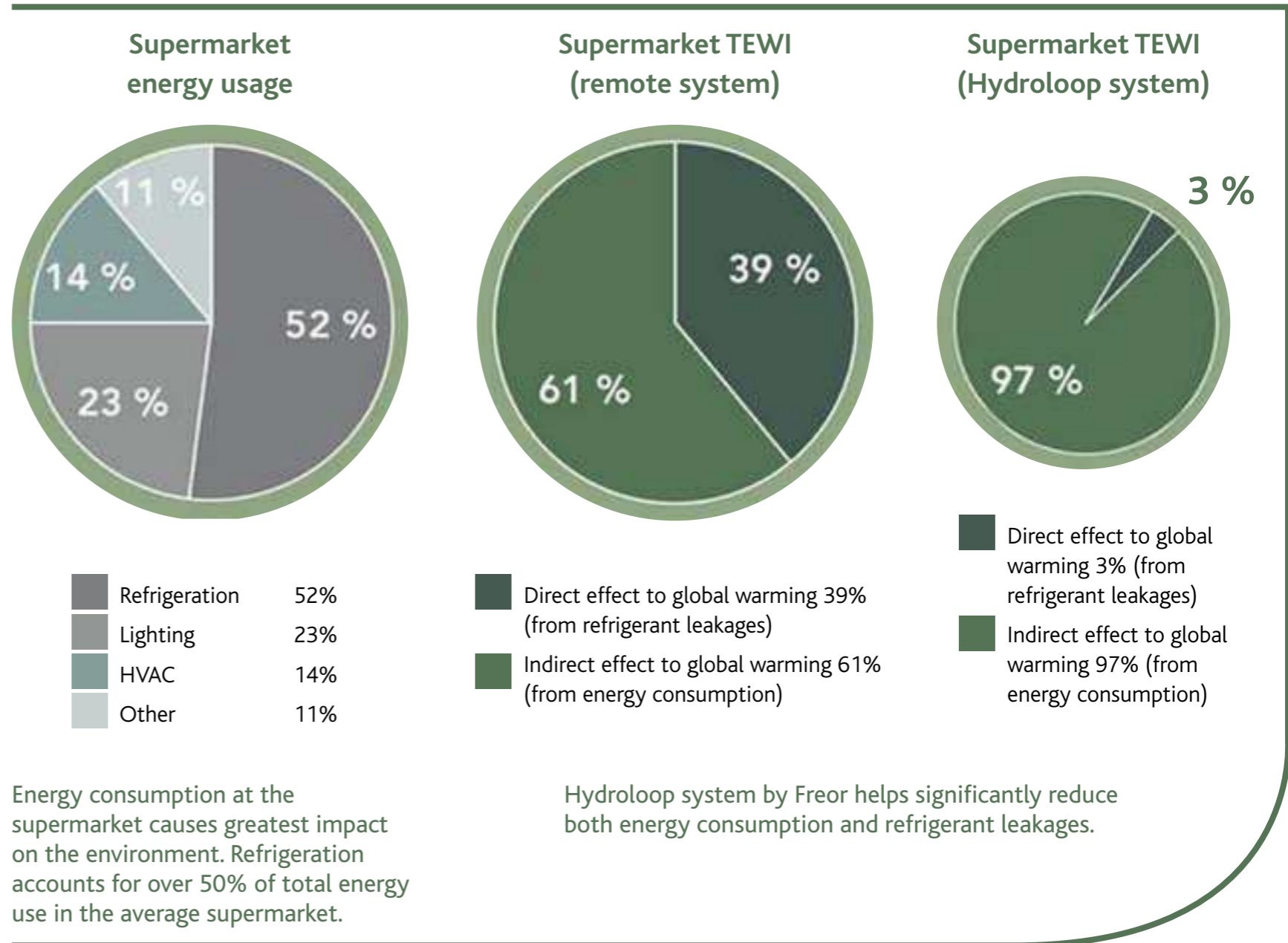
**1998 to 2020 AHT is continuously expanding our position as a world leader – these principles guide us in everything we think and do!**

refrigeration specialists Danfoss, Germany solar energy equipment supplier SMA Solar Technology, and Baltic-based commercial refrigeration equipment manufacturer Freor have embraced the challenge.

German supermarket Aktiv & Irma in Oldenburg engaged Danfoss and SMA to help them become a 'prosumer' – a consumer that produces and stores energy. The two companies worked together to provide the key components that would enable the store to run with an energy consumption level roughly 20% below the average for European supermarkets.

One of the systems installed enables the store to recover the heat generated by their refrigeration units and use this to heat their stores. They also installed a digital energy management solution using Danfoss' AK-SM 800 System Manager and SMA's ennexOS unit. Combined, the two components provide the store with an intelligent, two-way connection to the electricity grid and allows the supermarket to function somewhat like a giant battery that can store electricity when there is too much of it in the grid.

SMA's ennexOS unit can connect and manage energy flows from different sources to and from the store – including solar or wind power, and battery storage power. It can decide which source to use – and when – in the most energy effective way. The store also chose to install Danfoss' Multi Ejector Solution™. A sophisticated type of expansion valve, it captures the pressure built up by the supermarket's cooling compressors and



sends it back into the compressors. As a result, the compressors use less electricity. The store had a 60kW lithium-ion battery installed in its control room, which provides some of the excess electricity needed during peak use, thus saving the company even more money.

The Freor Hydroloop system has been installed in several stores in the Netherlands, with energy savings of between 20% and 44% being reported.

It is a cost-effective solution that connects plug-in refrigeration equipment to a liquid-cooled system, in which excess condensation heat is removed through liquid pipes to the exterior of a building. This closed-cycle liquid system uses a water pump to ensure circulation, while an outdoor dry cooler is used for effective heat recovery. The Hydroloop solution can be connected to Freor refrigeration multidecks, semi-verticals, serve-over counters,

and freezers. An environmentally friendly propyl glycol solution is used for heat removal. Excess heat can also be used to warm up the shop during the cold season or to warm up water. The system is highly efficient, can be installed quickly, saves space, allows for the relocation of equipment, uses smaller quantities of refrigerant, and is easy to maintain.

### Solar powered supermarkets

In a sunshine-rich country like South Africa, solar power makes sense. Even with Eskom's proposed new tariffs, which many see as a punitive measure against the increase in solar power as an alternative energy provider, being able to go off-grid is tempting.

“Whilst remaining off-grid during loadshedding requires an expensive set-up of inverters and lithium or deep cycle lead-acid batteries to store and use solar or hybrid energy, this type of investment may be well worth the initial layout. 🏠”

However, your batteries will eventually need to be replaced, solar panels will need to be cleaned and possibly replaced if damaged, and battery charge meters must be monitored – converting to solar is certainly not a case of one and done. Ongoing maintenance and management are necessary, but the ability to access constant and reliable power makes it worth the effort.



Alternatively, you can avoid the need for a hefty Capex outlay and instead pay only for the (cheaper) power produced by the system. Rent-to-own or a power purchase agreement are both viable options.

As the technology develops and becomes more popular, the cost is dropping, but depending on your store's power needs and the size of your system, you could be looking at paying R5 million, R10 million, or even upwards of R25 million. You also need space, whether it be a nice flat

roof or a large carpark, to accommodate the solar panels.

Tim Frankish, Managing Director of the SolarSaver Group, says, "Solar electricity under a fully-funded rent-to-own contract or PPA can be anywhere from 25% to 50% cheaper than grid power during the day [in South Africa]."

This means retail centres can, depending on their electricity use and the size of their system, save anywhere from R50 000 to R100 000 on their monthly electricity bill.



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*Trust the Experience*

### Is solar it a viable option?

Shoprite Holdings certainly thinks so. As per the Shoprite Holdings website, [www.shopriteholdings.co.za](http://www.shopriteholdings.co.za), "The Shoprite Group now generates enough electricity to power over 1 100 households a year from solar energy (12 300 MWh of electricity), following the installation of rooftop PV (photovoltaic) panels at 19 sites in South Africa and Namibia.

"The Group has also fitted 649 solar panels to the roofs of its refrigerated trucks, which generate 760 MWh annually – enough power to run 1 040 refrigerators for a full year. These allow drivers to switch off truck ignitions at delivery locations, reducing noise and exhaust pollution, while keeping the cold chain intact.

"There are now 18 stores throughout South Africa and Namibia in the Group that harness the power of the sun for their operations. These include Checkers Plettenberg Bay Mall, Sitari, Gordons Bay, Constantia, Hermanus, Whale Coast Mall, Welgelee Plein and Shoprite Strand (Western Cape), Shoprite and Checkers Parys, as well as Checkers Woodlands (Free State), Shoprite Rustenburg (North West), Shoprite Devland (Gauteng), Shoprite Kimberley and Kathu (Northern Cape) and Shoprite Oshakati, Otjiwarongo and Tsumeb (Namibia).

"And the Group's largest installation, at its Basson distribution centre in Brackenfell, is a remarkable move to reduce the company's impact on the environment. There are now enough solar panels at this distribution centre to cover an entire soccer field, and the 7 706 m<sup>2</sup> of panels have a generating capacity of 1MW."



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Consumption\_And\_Conservation\_

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### The human touch

Make sure that your staff understand the concepts behind energy savings and are trained to close fridge or freezer doors that are left standing open, switch lights off when not needed, and not run machinery unnecessarily.

Energy savings are not just achieved by investing in new technology or retrofitting existing infrastructure. Stores need to rely on human behaviour as well. From management to cleaning staff, there has to be education,

understanding, buy in and action from all employees to engage in energy efficient actions and behaviours. **SR**



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



# From Dairy to Cheese to Ice Cream and Everything in between

## The current dairy landscape in South Africa

**M**ilkSA's Quarterly Reviews of the Performance of the Dairy Industry for 2020 Q3 and Q4 show that the demand for dairy products in South Africa held firm during, and in spite of, the last four consecutive quarters of negative economic growth in 2019/20, and the impact of the 2020 Covid-19 lockdown in SA. "This indicates a positive perception amongst consumers about the importance of dairy in their daily diet," says Bertus van Heerden, Project Manager, Milk SA Project – Economies and Markets, who compiled the report.

Dairy prices have increased. What consumers already know is borne out by the data. A comparison of December 2020 with January 2019 shows that product prices are significantly higher. Apart from the impact of the global Covid-19 pandemic, there are several prior factors coming into play.

Before the social and economic adversities of 2020, 2019 saw the largest economic decline in South Africa in 10 years. In addition, many of South Africa's primary agricultural producers were drained

The Dairy category is a favourite for many consumers

financially, due to adverse weather conditions in 2019 on top of prior years' climate challenges. Maize production in 2013, 2015 and 2016 took severe blows due to the drought conditions. This, as well as the foot-and-mouth disease outbreak in the first and last quarters of 2019, impacted directly on industry margins, and explains the rising prices of dairy prices in 2020. Milk Essay, Vol 12, no 2, 2020.

Despite these many challenges, the Milk SA Q4 reports says that growth in the quantity of dairy sales for the products being monitored are solid, with the exception of fresh milk and flavoured milk registering negative growth for all the time periods being measured.

*– but it needs an agile, multi-pronged approach to maximise its potential*



Feedback from Chantal van den Bergh, Marketing Manager at Lancewood, reinforces this finding, saying that Lancewood’s 2020 dairy sales were not affected that much ...

“2020 has obviously been a bit of a roller coaster, but in general the trends have been stable compared to previous years.”

**Monitoring and maximising your dairy category**

While price, quality and freshness are critical factors driving the success of dairy sales, there are other drivers within the many sub-categories that are important to consider when looking at ways to grow your sales.

**Trip drivers.** Some dairy sub-categories (butter, milk, standard Cheddar or Gouda cheese) are trip drivers – in other words, they feature on shopping lists and will activate a shopping expedition. Shoppers don’t like running out of these items, so it is essential that the retailer’s stock management system is able to fulfil essential dairy demands. While these traffic-driving sub-categories need a strong and consistent price proposition to keep them performing optimally, convenience also plays a major role.

**Driving traffic through price point.** Other sub-categories, such as yoghurt and cultured dairy, are driven more by price. This means yoghurt or cream cheese on promotion could take customers into another store – and while they are there, they’ll buy their dairy essentials.

**Impulse purchases.** A large proportion of total dairy products are purchased on impulse while the customer is buying their dairy must-haves. This includes speciality cheeses, on-the-go dairy- and dairy-based snacks, flavoured milks, cultured dairy, dairy desserts including ice cream and dips, and dairy-based smoothies. Impulse dairy can drive higher price points and shoppers don’t expect the deep discounts found on dairy trip drivers.



Sharing recipes that include cheese as an ingredient can help you move your stock.

**Driven by conscience and concern.** A large part of the dairy category is not dairy at all. Traditional dairy alternatives, including plant- and seed-based milk alternatives and lactose-free options, are increasingly gaining traction, although more so in the upper LSM consumer segment in South Africa, due to the price tag.

**A three-pronged approach to pricing**

A comparison between deep discounts and everyday low pricing as long-term pricing strategies for FMCG shows that, while deep discounts yield higher profits in the long run, consumers prefer retailers that consistently offer low prices

*Deep Discounts or Everyday Low Prices: Which Strategy do Consumers Prefer?*

To achieve success, retailers should consider following this three-pronged approach:

**Pick a pricing strategy and stick to it**

If you’ve chosen to go with everyday low prices, ensure that your store consistently delivers on this promise. On the other hand, if you plan on driving sales through promotional events and offers, make sure your products never lack quality.

This balance between the two pricing strategies can be seen in Checkers Xtra Savings loyalty programme, which introduces deep discounts of up to 25% off selected items, on top of their already low prices, with quality remaining consistent.

**Let your consumers know**

Make it clear to your customers on what your dairy marketing strategy focuses, whether it is everyday low pricing, discounts and offers,



a massive range of speciality brands and products. Your advertisements, official statements, promotions, advertising and public relations should communicate this promise clearly.

**Never fail to deliver on the promised pricing**

Market conditions are never constant, as 2020 and 2021 are clearly demonstrating. Customer behaviour can change, and so can pricing and competition strategies. It's essential to spend effort, time, and resources to ensure that you offer the promised pricing on your entire dairy and cheese product ranges.

**The importance of advertising deep discounts in dairy to drive destination shopping**

Two examples of traffic-driving deep discounts often utilised by many retailers in the dairy section is on salted butter and six-packs of long-life (UHT) milk.

- **Salted butter** at the normal lowest price of around R60 per 500g is a luxury for many consumers, but at a 25% discounted price of R45 it becomes a certain traffic driver.
- **Long-life milk** is an essential on most dairy consumers' monthly shopping lists, and a well-advertised deep discount on this product might well motivate a shopper to do their monthly shopping at your store instead of another.

**Visually appealing displays and display cabinets**

When putting together a dairy display, convenience and freshness are the two top factors to

consider. Regarding optimal dairy merchandising, Lancewood's van den Bergh advises...

“ Dairy products should be displayed on-shelf with sufficient facings that are able to change the perceptions of consumers. ”



Make sure you deliver on low prices and consistent quality to keep your customers coming back.

Photo by Jack Sparrow from Pexels

In a 2012 blog post by Rebecca MacKay, Vice President of Strategy, Insights and Planning at the Innovation Center for U.S. Dairy, MacKay looks at a variety of instore merchandising concepts focused on selling more dairy.

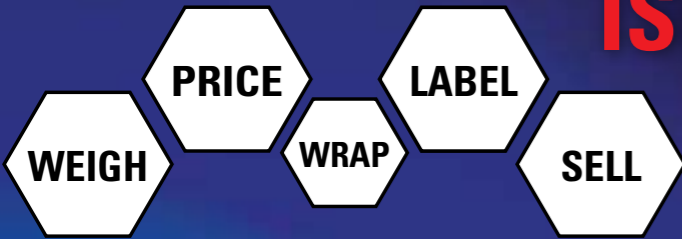
These display units group products together to provide meal solutions for customers from varying income groups and demographics. Thinking through these different display groupings based on the demographics of your customers and their lifestyles can also be helpful when choosing the range of products you stock.

Key points to keep in mind for displays aimed at selling dairy include the following:

- Convenience is king. Keep this benefit at the top of your mind when evaluating all aspects of merchandising meal solutions.
- Ensure displays are highly visible for shoppers – this will build consumer understanding of the meal solutions concept.
- Keep the product mix streamlined with only the most relevant Stock Keeping Units (SKUs); anything else is a distraction.
- Avoid overcrowding displays with too many products; the simpler, the better.
- View meal solutions merchandising as a long-term solution instead of a quick fix. It takes time and repeated exposure for consumers to adjust their behaviour.

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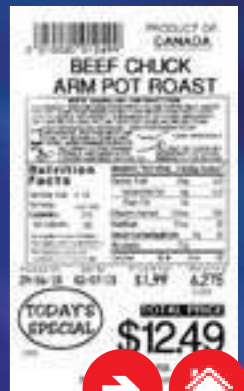
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**The emotional impact of indulgence**

Some dairy products, in particular ice cream, dairy-based desserts, and some cheeses, are thought of by consumers as an indulgence. With the uncertainty surrounding Covid this year, many people turned to their favourite and familiar comfort foods for consolation.

“Over the 52 weeks ending Sept. 6, 2020, dollar sales in the ice cream subcategory of the larger ice cream/sherbet category were up 13.4% to \$6,841.8m (±R1,509b), while unit sales increased by 8.4% to \$1,703.6m (±R2,530b), according to data from Chicago-based market research firm IRI.”

(<https://www.dairyfoods.com/articles/94642-state-of-the-industry-ice-cream-is-a-category-on-fire>)

In its “Ice Cream and Frozen Novelties: Incl. Impact of COVID-19 US April 2020” report, global market research company Mintel notes that the growth seen in the ice cream and frozen novelties category will most likely continue for the foreseeable future. “Looking back at past recessions indicates that in these types of circumstances people tend to nest (indulge at home) and reach for accessible indulgences such as like ice cream,” says the report.

**Gut feel: the role of health in dairy choices**

Health consciousness and related trends are influencing more and more consumers’ buying trends. Whether it is the calcium contained in full-cream milk or the probiotics in yoghurt, consumers do not just make choices based on taste, but on what their dairy consumption would mean for their overall health and well-being.



In difficult times people tend to turn to dairy indulgences such as ice cream for comfort.

Especially amongst younger consumers, who are more prone to selecting environmentally friendly solutions such as plant-based dairy alternatives, the question of what dairy can do for them becomes paramount.

To this end, MilkSA’s Consumer Education Programme Dairy Gives You Go has been focused on educating the youth on the health benefits of dairy for the past five years, through clever videos and a social media campaign aimed at engaging local teens.

Video: [https://www.youtube.com/watch?v=n1\\_uDSC484](https://www.youtube.com/watch?v=n1_uDSC484)

**Plant-based dairy alternatives**

Plant-based protein is probably one of the biggest trends driving product innovation in food globally. The dairy category is no exception. Innovation in plant-based milk and dairy alternatives continues

to grow at a rapid rate, and competes directly with dairy sales, especially among higher-income groups and younger consumers.

Sales of plant-based dairy alternatives are motivated by health- and environmental-concerns, and the variety it brings to these consumers’ diets.

While plant-based ‘dairy’ still has some way to go in terms of innovation in taste, texture, nutrition, and ingredients to compete with the variety of mainstream dairy, progress is well on its way.

One of the most popular dairy alternatives set to see growth is oat-based products such as cold brew coffee, spreads and chocolate snacks, as consumers are becoming more educated about the health benefits of oats, as well as its sustainability and clean label credential.

<https://retailbriefafrica.co.za/5-trends-shaping-the-global-dairy-industry-in-2020/>

Best known for their oat-milk, OkJa, a plant-based food and beverage business founded in 2019 by Rui Esteves and David Chait, now supplies retail in addition to the cafés and coffeeshops which used to be their target market before lockdown.

<https://www.bizcommunity.com/Article/196/70/208813.html>

Co-founder Chait explains that OkJa was borne out of a desire to provide a more sustainable alternative to dairy and other dairy alternatives currently on offer. Their marketing pitch encourages consumers to try it out: “We are aiming to transform the landscape through offering an environmentally-responsible, delicious, plant-based option, which is great for adding to your cereal, foaming up and pouring into your coffee, or enjoying on its own. We pride ourselves on the integrity of our product composition. With no unrecognisable or unpronounceable ingredients, OkJa offers a creamier, richer mouthfeel and a denser foam for your latte.”

**Convenience vs. Price vs. Health**

Convenience, time, and delicious goodness are key factors that brands are focusing on across the dairy snacking industry, such as reformatting traditional dairy products into drinkable cartons.

Within a market report conducted by Mordor Intelligence, the global dairy snack market is set to register a compound annual growth rate (CAGR) of 5.14% during the forecast period 2020-2024.

<https://retailbriefafrica.co.za/5-trends-shaping-the-global-dairy-industry-in-2020/>

Whether for the health benefits of smaller meals or the convenience of meal replacements, drinking yoghurt, mageu, amasi and other dairy snacks are massive sub-categories in dairy, and form a crucial part of many consumers’ daily diets.

Some producers have changed their formulation by lowering their sugar content or by using low sugar together with artificial sweeteners



‘Easy breakfast’ – displays focused on meal solutions concepts can help you sell more dairy. (Image source: <https://www.dairyfoods.com>)

to comply with the new sugar tax bill. The low calories may have encouraged some health-conscious consumers to purchase the product. It is also believed that some consumers were purchasing the product when it was on promotion to consume later.

**Flavour innovation and introducing new dairy products to your customers**

Young millennials are increasingly demanding new adventurous flavours in the dairy category, such as savoury and spicy yoghurt dips, flavoured butter, and alcohol-infused ice cream. In addition to new

According to South African market researchers BMI’s Media Feedback Report: Drinking Yoghurt Category – August 2020”, the drinking yoghurt category has gained volume, growing at 13.6% from 2018 to 2019.

“Players have focused on the category after it lost volume in 2017. This is also one of the reasons for the lower price in attempt to drive volume,” says the report.

Mageu is rich in cultural heritage and forms a base of the everyday diet of an estimated 55 million South Africans. After experiencing a significant decline in sales from 2017 – 2018, sales had grown 10.9% from 2018 – 2019.

Flavours have become an important driving factor for mageu as consumers seek a variety of different tastes. This trend has also been noticed across other dairy-based beverage categories where a consumer wants more flavour options.



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flavours, consumers are seeking texture-enhanced offerings that create a pleasurable experience and offer a greater feeling of indulgence. A study carried out by Innova Market Insights finds an average 45% of US and UK consumers are influenced by texture when buying food and drinks, while 68% share the opinion that textures contribute to a more interesting food experience.

<https://retailbriefafrica.co.za/5-trends-shaping-the-global-dairy-industry-in-2020>

Brian Dick, owner of Cheese Gourmet, a deli and adjoining restaurant in Linden, JHB, specialising in artisanal cheeses and fine food products, comments on consumer trends in the cheese department. "There is a definite trend towards fresh, soft cheeses, for example, the demand for Brie, Camembert, Chevre, Mozzarella and the washed rind cheeses such as Dalewood's Lanquedoc and Langbaken Karoo Sunset have all increased, but the leader in the pack is Burrata. The Covid-19 lockdowns have seen many more people are at home and so cheese purchases for lunches has increased, with the softer, milder cheeses more likely to appeal to families. The other noticeable trend is an increase in cheeses as ingredients. With more home cooking, time to look at recipes and plenty of online chefs, cheeses such as Parmesan, Pecorino and strong Cheddar have all increased sales."

However, creating awareness around new products and getting consumers to not only try the new products, but to incorporate them as a regular buy into their shopping lists, can be challenging.



Dairy and dairy alternatives companies who relied on the restaurant industry had to relook their business models due to the temporary loss of income during the 2020 lockdown in South Africa. One such company is Cape Town-based company OKja.

"A full 360 in terms of tastings, digital and social campaigns is needed to introduce new products and flavours," van den Bergh mentions.

While tastings are problematic due to the hygiene logistics involved in Covid-19 compliance measures, this leaves the door open for companies to focus on online campaigns.

Lancewood, which recently launched Cheese Melts, 1000 Island Dip, Blueberry Double Cream Yoghurt, and a 12-month Mature White Cheddar, amongst other products, has mastered the art of engaging consumers through their social media platforms. Through this engagement they have created awareness around, and a market for their products.

One example of their online activation campaigns is the Lancewood Quality Time Pledge that promotes the value of distraction-free quality mealtime for families. "Retailers can capitalise on the action needed for this campaign – families cooking and spending quality mealtimes together, and they can drive sales through recipe inspiration to facilitate this," says van den Bergh.

**Packaging trends – how do dairy manufacturers move sustainably forward?**

Environmental awareness is becoming a necessity across the board to maintain a strong position in the market. This goes for dairy manufacturers, and wholesalers and retailers.

In July 2020, Clover dramatically changed the colour of their milk bottles from white to blue, to, in their own words: "differentiate ourselves, to stand out, disrupt the fresh milk category and make fresh milk relevant again."

Clover's Blue Bottle Campaign – which some called an example of 'genius marketing' – sparked online debates about the colour choice,



Soft cheeses are a firm favourite with families.

and also about sustainable packaging, once again highlighting the fact that consumers are increasingly demanding eco-accountability.

Retailers looking to contribute to a circular economy should focus on proactively creating partnerships and collaborating with stakeholders to build sustainable recycling value chains (<https://www.tetrapak.com/sustainability/planet/recycling/building-recycling-value-chains>).

Some global initiatives include the following organisations:

- **The Consumer Goods Forum (CGF)** is an organisation that brings consumer goods retailers and manufacturers together globally to secure consumer trust and drive positive change, including greater efficiency.
- **3RI: The 3R Initiative**, is a platform to catalyse zero plastic waste leadership. This initiative is developing a market-based approach scales up recovery and recycling activities and increases accountability for plastic waste around the world.



## KEY LEARNINGS

- Dairy outperforms most other departments with its profit-to-space ratio (almost double that of other produce).
- Dairy products are included in more grocery trips than items from nearly every other aisle.
- Milk, cheese and yoghurt are key meal-builders.

- **TSC: The Sustainability Consortium** is a global organisation transforming the consumer goods industry to deliver more sustainable consumer products, which offers tools and services to help companies address product sustainability in their supply chain.

Dairy, Cheese, and Ice cream poses many opportunities for retailers to drive dairy-motivated shopping trips – achievable through some category management, observation, careful planning and consistently delivering on your quality, convenience, and price points. **SR**



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# Stack them high and watch them fly

– Antonio de Gouveia



Jaime van Aswegen  
Staff writer  
Supermarket & Retailer

Walking into the new Econo Foods in Fourways gives you the feeling of saving from the moment you walk through the door. Being greeted by friendly staff and a dancing chicken mascot handing out pamphlets added to the excitement of this new store opening.

The flow of fully stocked fridges and freezers throughout the store allows for the attractive premium house brand, Food Land, and their economy private label, E-food, to truly shine amongst other quality brands available in the store.

The Fourways store is the group's 21st retail store in and around South Africa with another 10 outlets set to open over the next year and a half. The minimalistic store design immediately conveys a message of saving to the end consumer.

Starting as a chicken distributor, Econo Foods has grown exponentially since its inception in 1996 by Antonio de Gouveia. They make use of



Top: Simplistic store design allows for maximum savings.

Below left: Chicken Mascot handing out pamphlets and a range of samples of the Econo Foods house brand Food Land.

Below right: Charlton Prins (Store Manager) by the nifty Econo Foods Home Delivery vehicle used to deliver the online orders received on a daily basis.





a central distribution model in major centres and their cold chain fleet assists in ensuring stock is delivered timeously and in perfect condition.

The group chooses to procure from a few loyal suppliers that provide a range of approximately 2 200 lines to the food service industry, wholesale and retail consumer sectors. Econo Foods have secured a dedicated supplier of fresh Norwegian salmon that arrives in store within three days from being caught in Norway. Julian Spano, the general manager, mentioned that the group collectively sells more bacon in a week

than another 'Tier 1' retailer sells in all their stores in a month.

At the beginning of lockdown in 2020, they introduced home delivery services which was well received by the Bloemfontein community. The Econo team realised that they had become a destination store and added a simple range of convenience items to simplify shopping for their consumers.

Econo foods group will continuously grow from strength to strength and service consumers' sensitivity to saving.

Happy shoppers stocking up on the great opening specials that were available in store.



Freezers fully stocked up with the opening day specials.



Fresh Norwegian Salmon from ocean to fridge in three days only available at Econo Foods.



Limited range of fresh butchery products are available amongst the frozen food items.



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“ Stack them high and watch them fly ”

Antonio de Gouveia



I & J station with new product samples for testing.



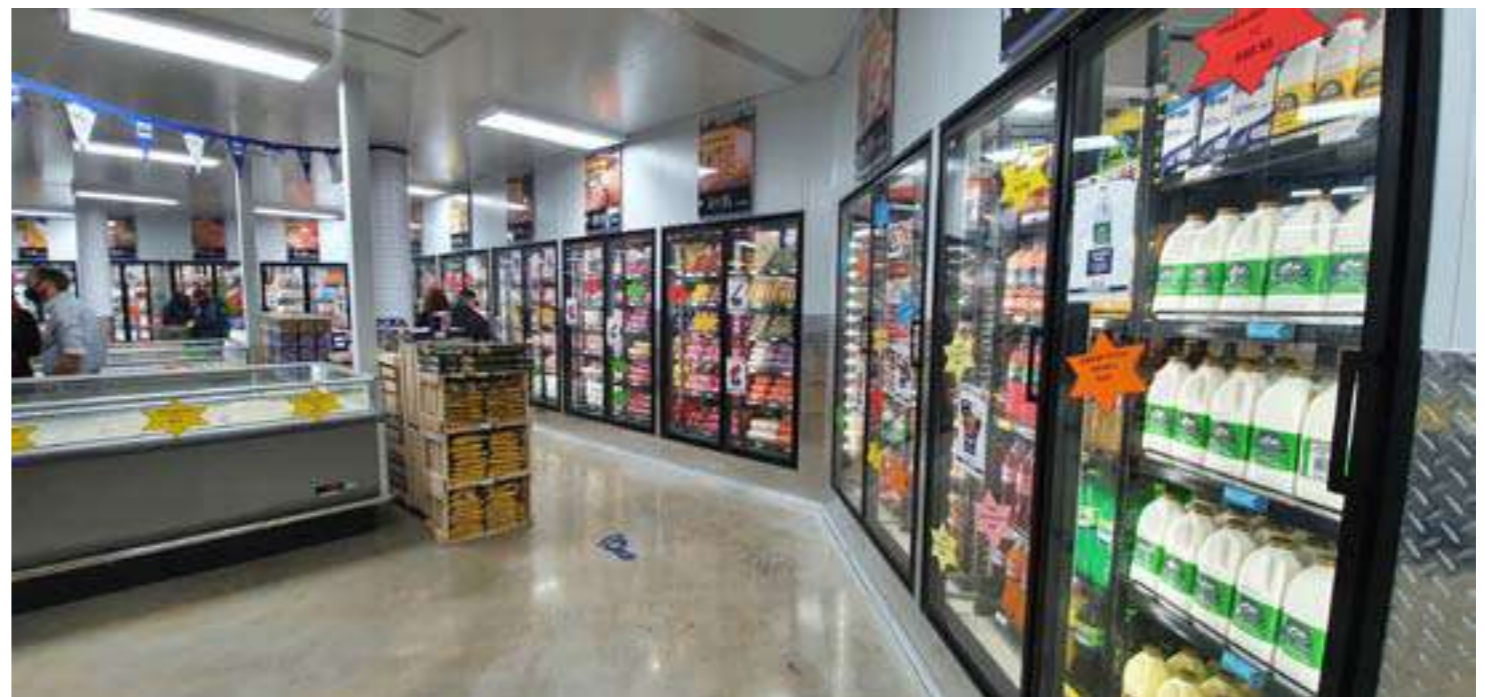
Fridges are continuously topped up by staff.



Displays of locally manufactured energy drinks.



Simple bulk tin food range available in store



# Hawker hotspots & table top traders

There is a perception that hawkers and tabletop traders are subsistence and survivalist businesses. Far from it. The marketplaces of South Africa are the taxi ranks, the street corners, the trolley pushed down the road honking on an old bicycle horn, even the traffic lights do a roaring mobile trade in both townships and leafy suburbs.

These hawkers and tabletops are sophisticated business people, often doing turnover which will make heads turn among formal supermarkets and stores. And they have been in the rank, on the street corner, or at the traffic lights for years – unmarked real estate jealously protected by the occupants with long waiting lists to get a trading spot or a 'beat' from the resident hawker or trader association.

Beware of the term informal. It misrepresents these spaces, creating perceptions of disorganisation, free-for-all, low income and transient traders. None of these terms are true for more than 80% of hawkers and tabletop traders, with most of these traders resident and trading where they are for anything from two to 15 years and making very decent incomes from their trade.

**Take Mike**, the *Kasi* greengrocer... I wrote about him in *Kasinomic Revolution*. He is rightfully proud of his hawker stand which he animatedly talks about. His hand sweeps across his stall in



Tembisa. It's a large stall, maybe five metres wide and three metres deep –shelves and boxes stacked on the floor and, in a rickety marvel of balancing and hanging shelves, rising up to the roof which

is an old billboard with 'Vaseline' barely visible in the faded canvas. Fresh veggies are stacked on this mishmash of shelves, all carefully packed in price point packets.

A *sishebo* combo of half a cabbage, two potatoes, a green pepper, four carrots – perfectly packed for making a *sishebo*, the staple stew of Africa. Next to the combo are rows of plastic plates stacked with tomatoes in different quantities – five for R5, two for R2,50 and so on. The same with a pile of robots ... these are green, red and yellow peppers, looking for all the world like street lights and named as such by the locals. Potatoes on plates, in bags, butternuts in singles and in doubles and in halves, cabbages in quarters, halves and wholes, the whole range of vegetables carefully priced to hit certain affordable price points and unit coinage, R2, R5, R10, R15, perfectly portion-controlled for a family of three, four, five, eight– for the meals of the township: *sishebo*, fried cabbage with onion and tomato, *shutni*, *chakalaka* and many others. The Pick n Pay, about 50 metres away, has no idea of these *kasi* meals, these combos, these price points, and so doesn't stand a chance against his selection and combinations, even though in many instances his vegetables are slightly more expensive.

At first Mike found an old trolley which he pushed down the street, ringing an old bicycle bell he had rigged on the trolley handle. He sorted his veggies according to meals and to price points and they sold well. To quote Mike ...

“ You need to know people, what they eat, how much they need so they don't waste, what they can afford. That's the secret of this business. ”



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“But then also you need fresh vegetables and to have relationships with your customers. You know, sometimes they are short and I say how much do you have, they say R5, I give them R7 vegetables for that R5. They respect you and they come back.” I smile trying to imagine Pick n Pay doing the same!

“HA!” he exclaims, grinning a bright white smile in a dark-skinned face under his floppy hat ...

“ Today, look,  
I employ three people,  
I have my own bakkie, a Nissan,  
business is good! ”

Mike turns over R10 000 to R15 000 a day. He stocks up every morning at 5am, spending between R5 000 and R10 000 every time he stocks up. He phones and checks prices all the time, and if there is a special on certain veggies he gets it first. His stall is open from 5am to 7pm, seven days a week.

40-60% (depending on the produce) of the Jo'burg Fresh Produce Market's almost R5 billion a year turnover is bought by the hawker and informal trade – that just gives an idea of the scale of this hawker trade in fruit and vegetables.

But it's not just vegetables and unbranded goods that sell. The entire ambit of goods from DSTV dishes and decoders to rat poison, from branded lotion to traditional herbal *muti*, from homemade ice lollies called '*isiqeda*' to Cokes and the ubiquitous Mayo Frozen Yoghurt. *Fong kongs* side by side with branded premium brands, each with its place and its customer profile.



**Maria Magwaza** sells Rattex, she has a thriving business killing rats. She buys her poison from Mursul Cash & Carry for R5 a packet and sells it for R8 a packet. She also sells mosquito repellent, ant poison, clothes moth poison. She's in the killing business!

Some of her goods are cheap Chinese imports, another an Australian brand. "Look these are *fong kong*, but good *fong kong*," she boasts. But many are branded products: Rattex, some Doom. "Generally," she complains, "these branded ones are the best, but they come in too big sizes. Look at this Rattex. How many rats do they think we have in our houses?" So she decants and repackages some packs into single units more appropriate to her price points, R1, R2, R5, or customers' needs.

Maria's eyes sparkle as she points out which poison does what. Despite her 60-odd years and hours spent perched on a crate next to her makeshift table, her skin is smooth and creamy brown. She chatters away to Mandisa next to her who sells an assortment of combs, purse mirrors, razor blades, heart-shaped mirrors and hair accessories. She is never bored. Either her customers come by and chat about the latest gossip, or she discusses life with Mandisa. Maria can sell 100 sachets a day, making herself a good R300 a day or R7 200 a month. (Excerpt from *Kasinomic Revolution*.)



**By my estimates** there are around 500 000 mobile hawkkers, table-tops and pavement traders in South Africa, and the typical trader will make a minimum of R2 500 profit a month all the way up to R15 000 profit.

It's a huge, diversified sector, too often ignored by brand owners outside of the typical Chappies, mints, headache tablets, airtime, Cokes, Dragon energy drinks and cigarette sectors. But it would be a huge mistake to not consider that every brand should penetrate the hawkker trade. Of course, there are *fong kong*s and counterfeit products, but the bulk is not. The consumer who shops at the formal retailer or at the mall spends more time in the rank and high street market than in the formal trade. Reaching your customer and selling your brand here is an important link in the chain.



The key to accessing this sector is first the route to market. Traders generally draw from the closest cash and carry or midi wholesaler which is in walking distance or short taxi ride away. These cash and carries circle most hawkker areas and bulk break large cases into smaller pack configurations, offer value such as storage, coin recycling and other value-adds to a loyal customer base. Supplying these wholesalers is important. Another opportunity is basic branding of hawkkers and hawkker trading spaces with bibs, aprons, tablecloths, gazebos and dispensers or coolers. Most of all, create trade relationships with these traders. Most have been there for years, are part of vibrant business communities and are face to face with your consumers daily. **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)





# Severely constrained consumers emerge from the covid-19 quagmire

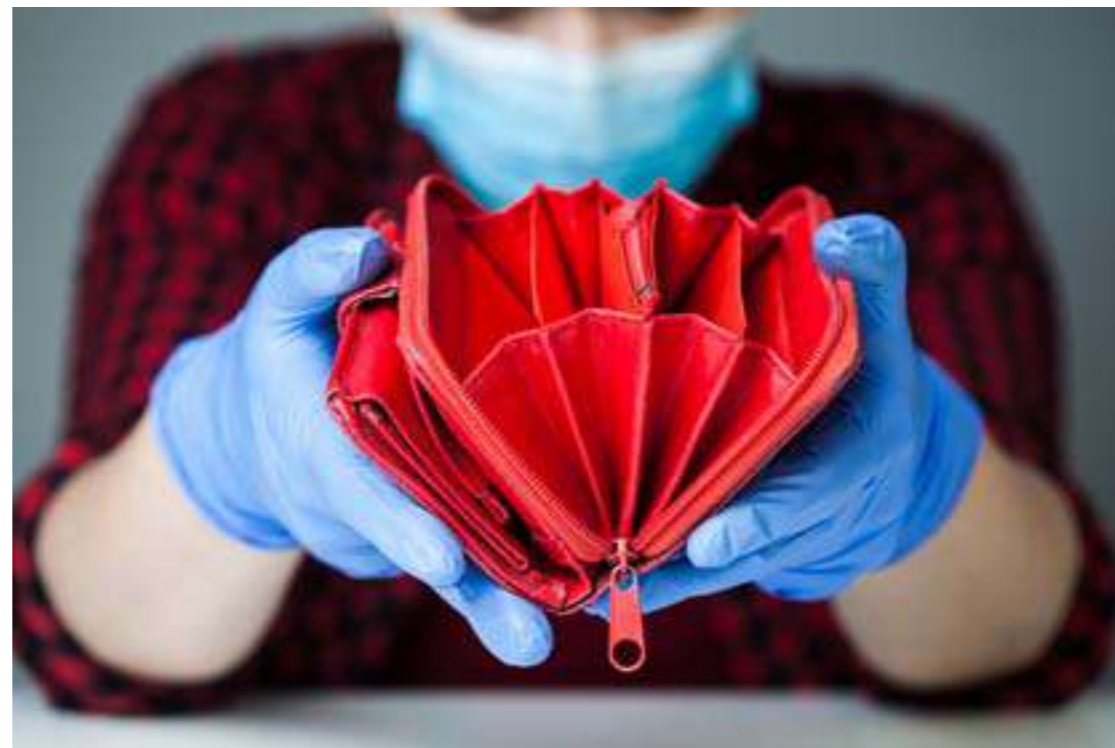
## 78% of South African consumers have changed their purchase behaviour

South African consumers are navigating uncharted territory as they cope with the Covid-19 pandemic and the subsequent financial fallout that has wreaked havoc on their income, financial situations and spending intentions. As a result, a whopping 78% of South African consumers say they have changed their purchase behaviour since the Covid-19 pandemic began, with no prospect of this returning to 2019 levels anytime soon.

These findings stem from a new NielsenIQ study Unlocking Consumption in 2021 that also identified a rapidly growing group of newly constrained consumers who represent 66% of South African shoppers as compared to the 46% global average. Interestingly, of the 15 countries surveyed, Thailand (73%), South Africa (66%), Turkey (65%), had the highest numbers of newly constrained consumers across the globe.

### No room to spend

The newly constrained segment is just one of four local consumer groups who will shape spending patterns this year. These include Existing Constrained consumers who were watching



what they spent prior to Covid-19 and have not changed this behaviour and the already mentioned Newly Constrained consumers who have experienced a worsening of their household income/ financial situations and are consciously watching what they now spend. In addition, 17% of consumers are categorised as Cautious Insulated spenders who have a limited income/ financial situation impact but are watching what they spend a lot or much more.

There is some 'light at the end of the tunnel' in the form of Unrestricted Insulated consumers who have the same or even an improved financial situation and do not have to watch what they spend. Although they currently represent only 2% of consumers, their more unrestricted ability to spend has translated into demand for premium products and presents new opportunities for product innovation.

NielsenIQ Global Intelligence Unit Executive Director Ailsa Wingfield comments; "The four new groups we've identified demonstrate real constraint in consumers' ability and/or desire to spend freely. Within this, the newly constrained and cautious insulated consumers represent a massive 84% of consumers who are scrutinising their budgets and changing their consumption behaviour based on the impact Covid-19 has had on their personal circumstances."



### Coping mechanisms

However, despite the seemingly insurmountable challenges faced by large numbers of South African consumers, they are employing new coping mechanisms to manage household budgets including selecting products based on promotions irrespective of brand or actively seeking out private label options to save money. More than half of South Africa's brand loyal consumers also say they will stick to their preferred brand while 66% will only change brands if the regular price increases.

This means that brands will be under much more scrutiny as consumers weigh up which brand attributes really matter to them to justify a place in the basket, with a substantial 64% saying they will switch to the lowest priced option among their preferred brands and products to save money – a sure sign that brands will need to work hard to ensure they are catering for their new consumer needs within their portfolios.

### Future fade

Looking ahead, one of the many challenges of the Covid-19 era is that it is subject to sharp shifts in consumer behaviour many of which have never been seen before. For example, even though the pandemic-driven consumer behaviours of 2020 were largely predictable globally and unfolded in much the same way as the virus spread across countries; the extreme growth of FMCG in 2020 in many markets is not expected to continue this year, and growth will be harder to find.

The NielsenIQ study therefore concludes that

“Close to half of local consumers say that if the economic situation worsened, they would spend less on groceries, whereas only 17% of consumers said they would spend more”



“Many South African consumers, say they are employing new coping mechanisms to manage household budgets”

there will be a continuation of the polarisation of spend borne out by the fact that close to half of local consumers say that if the economic situation worsened, they would spend less on groceries, whereas only 17% of consumers said they would spend more.

Wingfield elaborates; “The duress of Covid-19 drove spending on consumer goods to new levels in 2020. Extended lockdowns meant in-home consumption was over-indexing against pre-Covid conditions. The natural expectation as the world

unravels from the disease is for a return to something resembling pre-Covid times; however, that is unlikely to be the case in the coming months.

“As a result, brands and retailers are again in uncharted territory in 2021 as the consumer of today is not the one they knew last year. Brands and retailers, therefore, need to understand who their consumers are today and find ways to meet their new needs to find growth in a challenging economic environment.” **SR**



# Online retailers continue to face challenges Undermining the customer experience



**Jenni-Ruth Coggin**  
General Manager for Consumer  
Behaviour & Business Insights  
BMi Research

A study evaluating the consumer experience of online shoppers has highlighted the challenges that continue to face online retailers including ensuring sufficient stock, transaction and delivery issues and unclear refund practices.

The study, conducted by research and insights company BMi Research in 2020, surveyed six online e-commerce stores with each store evaluated by 10 experienced online mystery shoppers. The study forms part of the company's launch of an online customer experience solution that measures and provides insights to help companies improve their customer's online shopping experience. BMi Research will be one of the first to launch an online customer experience solution.

South Africa's e-commerce market has traditionally lagged global trends. The Covid-19 pandemic, however, accelerated the growth of online shopping in South Africa with more consumers willing to try online shopping. According



to Nielsen, online shopping has jumped 9% to 44%. In order to capitalise on this trend, a growing number of retailers have introduced an e-commerce offering with varying degrees of success.

BMi Research's CX Online tool takes traditional mystery shopping solutions focused on in-store evaluations a logical step further given the accelerated penetration of e-commerce and online shopping. It measures the overall experience from the perspective of the online customer including

the online shopping experience, the transaction process and the delivery experience, allowing retailers to adapt their offering in order to ensure an optimal customer experience.

"Same day delivery is key to remaining competitive in the online shopping space," says Jenni-Ruth Coggin, General Manager for Consumer Behaviour and Business Insights at BMi Research.

“To be successful online platforms need to meet the expectations of customers.”

Consumers that have a disappointing online experience tend not to give those retailers or brands a second chance which is why it is so important to ensure a positive overall experience each and every time.”

The registration process new shoppers must complete could be a barrier as this is their first



experience of the brand in an online shopping environment. "When it comes to online shopping first experiences count," says Coggin. "Registration should be as simple as possible both to lower the barrier to entry and in order to make the barrier lower than the next competitor.

Encouragingly, most shoppers found the registration process easy to moderately easy to navigate, while 60% of shoppers found the websites easy to navigate.

In terms of the visual appeal of websites, and how engaging and user friendly they were, shoppers reported that there was room for improvement in the pharmacy sector. Only 70% of shoppers in pharmacy and retail sites were shown the correct product after a search, indicating an area that needs to be addressed.

While overall promotional offers were easy for shoppers to find, only 55% of promotional items were in stock. A third of shoppers on retail sites were informed that items were out of stock only as they were checking out. "Ideally, this information should be given during the shopping process," says Coggin.

All the online shopping sites reviewed do well at communicating payment options and order confirmations. However, the study found that all categories need to provide shoppers with more assurances that their transactions are safe and secure with email and sms communication that is sent immediately at payment.

Coggin adds that once the order is placed and paid for, trust in the online shopping experience

is either built or lost at the point of delivery. However, the study revealed that online delivery booking systems are weak with just over a third of respondents not receiving their delivery at the arranged date and time, while 20% did not receive the correct items they had ordered. There also appears to be confusion over the refund process for products missing from the order. Ultimately, only 50% of shoppers found the overall delivery experience to be excellent.

Dean McElwee, the Integrated Commercial Lead, eCommerce for Europe at The Kellogg Company, points out that speed is of the essence when it comes to online shopping. "The customer wants to get the product as soon as possible so the whole online process needs to be speeded up," he says.

McElwee, an e-commerce expert with more than 18 years of experience across both emerging and developed markets across multiple channels, was the guest speaker at the launch of CX Online.

"Succeeding in the online space is very different to succeeding in the offline space," he added.

"The reality is that online shopping utilises different spaces and has different constraints to an offline shopping environment. Not only does it have eyeball constraints given that search narrows the number of items seen, it has resource



constraints, and it has size relativity constraints."

Online, he concluded, is significantly more complex than anticipated requiring businesses to get all three components right: convenience, price and speed of delivery. Critically important is to test your online offering in order to refine and improve the online shopping experience.

The CX Online pilot study was conducted in Q3 in 2020, by experienced BMi Research mystery shoppers who were also active online shoppers. The study included 60 mystery shops across four industries.

For further information regarding CX Online please contact Jenni-Ruth Coggin on 076 170 6989 or visit <https://www.bmi.co.za/cx-online/>

