

# SUPERMARKET & RETAILER



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**Design changes to reduce refrigerant charge**

**How to get your slice of the chicken pie**

**Alcoholic beverages: Insights, trends and the new favourites**

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### Poultry

How to get your slice of the chicken pie. Jeanne-Riette Martins gives insight into the local chicken industry and takes a fresh look at the poultry category. Poultry is the primary supplier of quality, affordable protein to South Africans.

### Alcoholic beverages



Ann Baker-Keulemans gives insights and looks at trends and the new favourites in this category which is big, powerful and full of innovations. But the industry took a hard knock in 2020 as the sale and distribution was fully banned on three occasions. Are we seeing an industry on the brink of disaster, or rebirth?

Image: Tembela Bohle, Pexels



### Refrigeration

Soaring refrigerant price and uncertainties around future supply have made reducing refrigerant charge, without compromising performance, an increasing priority for air conditioning manufacturers and cold room installers alike.

## STOREWATCH



### Kit Kat Crown Mines

Jaime van Aswegen was at the exciting opening of this mega-store, with products available in retail and wholesale pack sizes – offering everything from 'bread to bricks' at highly competitive prices.

### Esselunga superstore in Livorno, Italy



This store was designed to consider certain USP's to ensure its success versus the competition – to bring about a new balance between quality and convenience. By Antonello Vilardi, adapted by Hippo Zourides.

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When customers don't care. Aki Kalliatakis quotes Fred Astaire, "The hardest job kids face today is learning good manners without seeing any."

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# Why did the chicken cross the road?



Helen Maister

**A** corny start to a serious subject. Protein from meat products have had challenges over the past 18 months. Poultry is no exception.

Poultry is the primary supplier of quality, affordable protein to South Africans. Billions of Rands have been invested by government, chicken producers and other

stakeholders to grow this industry. The investment has create jobs and assistance to subsistence and commercial farms to scale their enterprises.

Import tariffs were increased in 2020 and South African producers were given a bit of room to breathe, but there have been other challenges such as dumping and higher feed price which are discussed in this month's Poultry feature

The hardest hit category in retail over the past 18 months is without a doubt the Alcoholic Beverage category. The sale and distribution of all alcoholic beverages was fully banned on three occasions due to lockdown restrictions in South Africa.



Image courtesy of Roman Odintsov, Pexels

It is expected to take until 2023 to return to pre-Covid value sales. Sadly, some producers had to close their doors and others had to lay off 60% – 90% of their staff, devastating families and livelihoods. Ann Baker-Keulemans discusses how the industry is bouncing back, what is on trend and what category is the most revered.

"From bread to bricks" Kit Kat Cash and Carry opened their 6th store in Crown Mines at the beginning of October. This store employs 300 staff, sourced from

areas around the store. Including the community, not only uplifts the surrounding area but creates a pull for the locals to shop at the new location. Technology and family are driving their systematic expansion.

In Europe, the difficulties imposed on hypermarkets by the specialised large-scale retail trade, through deeper ranges at very competitive prices, have required radical rethinking.

Now, market interpretations, specific commercial proposals

and organisational structures conceived by the 'specialists' are starting to gain great attention. Francois Xavier Tah of Risparmio Casa was interviewed by Antonello Vilardi.

*Helen Maister*

**Helen Maister**



# Ensuring fair play between suppliers & consumers



**Queen Munyai**

“Businesses should not fear the Consumer Protection Act. Instead, they should view us as partners who are there to promote healthy relationships between them and consumers.”

**Queen Munyai, CEO**  
Consumer Goods and Services Ombud

**M**s Munyai is the first CEO to be appointed to the Ombud, established six years ago in April 2015 and accredited in terms of section 82(6) of the Consumer Protection Act.

“This Act gives us our mandate,” explains Ms Munyai, “to provide for an Industry Code of Conduct, allowing the industry to manage its own disputes, instead of needing each complaint to be investigated by the National Consumer Commission (NCC). We do this primarily by providing an alternative dispute resolution service that helps companies to recover poor service situations and retain the goodwill of their customers in the process. In the era of social media, this is an increasingly important competitive edge that companies should be willing to embrace.

“We don’t take sides. We are completely impartial and look at every case on its merits. Our watchwords are fairness, transparency and good business practice.

“Since April 2015, we have fielded more than 61 000 calls – and the demand grows every year. Last year, we fielded over 22 000 calls, received 9 529 complaints, and closed 8 606 cases,” she says.

- The service is provided free of charge and is funded through a joining fee and annual levy based on turnover.
- The levies are based on eight categories of business, ranging from SMEs with a turnover R1 million or less who do not pay a levy, right through to the Super Group who generate turnovers in excess of R5 billion that translates into an annual levy of R180 000.
- Organisations join at group level, so one membership covers all outlets and branches.

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Participants can refer cases to the Ombud, instead of litigating, so cooperating business and consumers can reach common ground.

Failing a settlement, a complainant has the right to lodge a complaint with the National Consumer Commission (NCC). The NCC can then open a formal investigation and refer the case to the National Consumer Tribunal (NCT).

The NCT has the power to levy administrative penalties of up to 10 per cent of annual turnover



or make any other appropriate order for refunds as it sees fit.

Already, 1 000 customer-centric companies have registered with the Consumer Goods and Services Ombud. The scheme shows consumers that you value their business.

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# When customers don't care

Aki Kalliatakis

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

Fred Astaire



We celebrate our association with Aki Kalliatakis. This is his 100th insightful article in Supermarket & Retailer.

Aki, we are amazed, delighted and so honoured to have you on-board with us for so long – such a blessing!

Have you ever noticed that many bad reviews on restaurants begin with the words, “We booked a dinner for my mother-in-law’s birthday ...” What do you know from such a humble beginning? First, he is already in a bad mood. Second, he doesn’t want to be there and would much rather be with his mates in a stadium. And third, this is going to cost him. But obviously, he can’t say anything or his life will be worth nothing!

Maybe once a year I will have such a shockingly poor experience as a customer, or feel so ripped off or frustrated that I write a complaint on social media or one of those websites dedicated to



“I’m embarrassed to admit that when I am running late, I overreact to the stress of being held up in traffic. I become like a 5-year old throwing a tantrum, and the thought never passes my mind that perhaps they are experiencing their own emergency.”

customer reviews. A couple of weeks ago I got onto TripAdvisor and gave an awful review for a restaurant in my neighbourhood that I visited for the first – and last – time. (The owner didn’t

even bother to respond or acknowledge my comment, never mind apologise.)

Imagine this scenario: You are dropping off your kids at school and you are running late. The traffic

Image courtesy of Ono Kosuki. Pexels



is chaotic and there are a bunch of people trying to merge into your lane or trying to cross over. Do you impatiently hoot, accelerate to close the gap, and give them a dirty look? Or are you quite courteous and remain poised?

You probably chose the second option, because even though you are not perfect and you do tend to sometimes give in to 'road rage', this is different. Why? First, tomorrow morning you will have to face all these people again (or even chat to them at your kid's birthday party or a sports day). And, besides, you always try to treat people with respect – the way you'd like to be treated.

Please don't get me wrong. I'm embarrassed to admit that when I am stressed or running late, and someone hazardously pulls in front of me on the highway, I feel spiteful and I overreact. I become like a 5-year old throwing a tantrum, and the thought never passes my mind that perhaps they are experiencing their own emergency. "You should have left home earlier if you're in such a rush, buddy!"

However, in the school parking lot, no matter what the pressure, we tend to be a lot more patient and polite. We wave people through. We stop to let that unhurried little kid with a heavy schoolbag and sports kit cross over safely. In fact, we probably go out of our way to be gracious.

The inherent lesson for customer care has probably got nothing or very little to do with being a better and more considerate person. Much as we like to see ourselves as good people, the difference between the traffic at school (or your church, or



in your neighbourhood, or at your golf club, or anywhere else where you behave decorously) is that you have to face those people again. There is a very clear future aftermath. On public roads, you may never see that taxi driver ever again, so you will be less generous.

And that is also true for your customers. If they view you as strangers never to be seen again, if they have a lot more choices where they can spend their money, if there will be no consequences to abusive acts, they are more likely to be rude. We happily complain aggressively to faceless

contact centre staff and it's even worse when we are once removed by having 'AI bots' or social media to communicate our frustrations with delays, mistakes, and breakdowns.

But if I know that I will be back to your store, I am gentle, kind, and generous. I'm Dr. Jekyll, not Mr. Hyde. So we all are determined to make the extra effort when we feel that there is some connection with others, some relationship that has been established – and will continue to exist in the near future.

The great news about this is that it doesn't take

much to make your customers feel wanted and special. Even simple words like, "Nice to see you again," can make a huge difference. (I can already hear you: "Yes, but how do I know that she has been here before?" The answer is simple: in 95% of cases they have been to your store before – and the other 5% will think you are confused but appreciate it that you tried.)

Some other possible examples:

- "Thanks for supporting us – I know you have a whole bunch of choices, but you chose us."
- "Oh, I really love your scarf/blouse/brooch/cap! It really suits you."
- "What does this new flavour of sauce taste like? I haven't tried it yet."
- "Thanks for being so patient. The queues really seemed slow today."
- "Did you see the special on this today? If you get one more you get a third one for free!"
- "I tried these chops on a braai last weekend with just a bit of salt and lemon. They were fantastic!"

Put differently, that little bit of extra attention – just a simple phrase – can make a huge difference in your relationships with your customers, and the way they treat you is a mirror of exactly how they see you respond to them. As the quote from Fred Astaire implies and as Mahatma Gandhi was supposed to have said, "Be the change you want to see in the world."

Oh, and by the way, as I get older, I find it much easier to fight the road rage against taxis and other selfish drivers. When I realise that I may never, ever have to see that jerk again why would I spend all my precious emotional energy on him? Best to preserve it for the people I love. **SR**



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



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# How to get your slice of the chicken pie

Insight into the local chicken industry and a fresh look at the poultry category

The poultry industry has seen both successes and challenges in the past 18 months. With import tariffs having increased in 2020, South African producers were given some respite and breathing space.

This year, the poultry industry saw a significant increase in feed prices, as well as reduced demand due to Covid-19 lockdowns. Local producers already facing low profit margins are under pressure to increase prices in a cash-strapped economy. It's a tough balancing act.

However, there are still many positives in the industry. Poultry is the primary supplier of quality, affordable protein to South Africans and there are over a million households in the country engaged in some form of poultry production, mostly on a subsistence level.

Billions are being invested by the industry, government, chicken producers, and other stakeholders to grow jobs by increasing local production, upgrading large-scale production facilities, and assisting subsistence and commercial scale farmers. With this in mind, it is clear there are many opportunities for growth.

“Poultry is the primary supplier of quality, affordable protein to South Africans”



## The current landscape

The majority of South Africa's population relies on poultry to provide animal protein at affordable prices, which is in turn important for national food security. The Poultry Products Prices Monitoring Report by the National Agricultural Marketing Council (NAMC) monitors prices for selected poultry products within South Africa and compares them to the current outlook on the global market.

International poultry prices, chicken imports into South Africa, monthly producer prices, feed prices, and poultry prices at retail level are analysed to provide a clear picture of domestic poultry price trends within the global market.

The report states that “On an annual basis, the index is 4.6 points higher on average when compared to 2020. Global poultry prices remained steady, but still at higher levels due to the global





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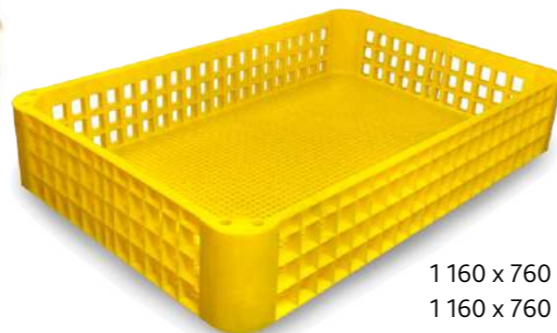
126 hole: 884 x 307 x 36 mm H    150 hole: 734 x 510 x 37 mm H  
 132 hole: 890 x 307 x 36 mm H    162 hole: 1140 x 310 x 37 mm H  
 Material: Polypropylene



### Hatching Crate

Designed for the comfortable hatching of chicks

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Material: Polypropylene



### Easi Tray

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1 160 x 760 x 220 mm H  
1 160 x 760 x 255 mm H  
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### Chicken Coop

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balance in supply and demand. Demand for other meats, especially bovine meat from East Asia, is putting some pressure on global poultry prices. Also, global pork prices remained firm in April 2021.” These factors had a negative effect on the global poultry-price index. Even though export prices from Brazil looked to be a stabilising influence, these still declined by 0.1%. Overall, the report notes that “Year-on-year, export prices are 8.5% up in the USA and 1.3% up from Brazil.”

Brazil remains a firm supplier of chicken to South Africa, with mechanically deboned meat (MDM), frozen chicken leg quarters, frozen chicken offal, frozen chicken drumsticks, chicken feet, and frozen chicken thighs constituting the largest quantity of cuts imported.

**Dumping and the poultry masterplan**

The South African Poultry Association (SAPA) has applied for anti-dumping duties on imported chicken. Dumping occurs when larger producers sell their produce at a price lower than the cost of production in their markets or below the price they sell it to their consumers, thus having a devastating impact on market competition. This practice contravenes the World Trade Organization rules as it is unfair towards local producers and stifles economic growth.

The industry is investigating anti-dumping measures with relevant stakeholders in the South African market as well as renewing its focus on the poultry masterplan. According to Poultry World, “The poultry sector masterplan, which was signed



Many local chicken producers have been forced to close farms and retrench staff, due to increasing levels of predatory imports.

by government, the poultry industry, importers, labour representatives, and other stakeholders in November 2019, aims to stimulate local demand, boost exports, and protect the domestic chicken industry.

The plan also focuses on feed costs (primarily maize and soya), meeting safety and veterinary requirements, compliance to boost exports, and transformation of the South African sector. Henk Alberts, CEO of Henwil Chickens, says, “There are various initiatives around the development of previously disadvantaged farmers, with the Department of Trade and Industry providing finance and resources in that aspect. We feel that the government machinery is often quite slow and therefore transformation could happen faster and more efficiently. The plans and ideas are there, however. Our business has become involved by supporting two previously disadvantaged farmers who supply to us.”

Izaak Breitenbach, General Manager at SAPA says, “The industry has invested R870 million to create markets for 50 previously disadvantaged contract growers and to facilitate exports to create local jobs. The industry has also done and paid for business studies for 19 farmers who are in a programme with the DALLRD (Department of Agriculture, Land Reform and Rural Development). Further training and advice is provided to 40 independent previously disadvantaged farmers.”



Image: Brandie Robbins, Pexels

“ There are various initiatives around the development of previously disadvantaged farmers, with the Department of Trade and Industry providing finance and resources ”






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 Cooking time: 50 minutes

# Butter-Basted Chicken with Chakalaka and Roosterkoek

Nothing beats easy-to-prepare braai chicken. It gives you more time to spend with your guests!

## INGREDIENTS

**Chicken:**  
 6 Goldi chicken pieces  
 160g butter  
 5ml paprika  
 5ml onion powder (optional)  
 5ml garlic powder  
 salt

## INGREDIENTS

**Roosterkoek:**  
 1 kg flour  
 2.5ml salt  
 30ml sugar  
 10g yeast  
 60g butter  
 500ml lukewarm water

## INGREDIENTS

**Chunky chakalaka:**  
 15ml oil  
 2 onions, chopped  
 15ml medium curry powder  
 10ml cayenne pepper  
 60ml tomato sauce  
 1 tin chopped tomato  
 4 carrots, chopped  
 3 peppers (yellow, green, and red)  
 a handful of cherry tomatoes  
 1 tin baked beans  
 salt

## METHOD:

### For the chicken:

- Mix the butter with the spices.
- Smear half the spice butter over the chicken.
- Braai the chicken for 35 minutes, turning and basting with the remaining butter.

### For the chunky chakalaka:

- Heat oil in a pan over medium heat (or over the coals).
- Fry the onion, curry, and cayenne for 2 minutes.
- Stir in the tomato sauce, tomatoes, carrots, and peppers. Simmer for 15 minutes.
- When the carrots are tender, add the cherry tomatoes and baked beans. Season.

### For the roosterkoek:

- Mix the flour, salt, sugar, and yeast together.
- Add the butter into the flour mixture, rubbing it with your fingertips until the mixture resembles crumbs.
- Add water to the dry ingredients to form a soft dough. Place aside, cover, and allow to rise for 1 hour.
- Knead the dough again and shape into 12 balls.
- Place the dough aside for 10 minutes.
- Flatten the balls slightly and sprinkle with a little flour.
- Cook over a low fire for 10 minutes on each side.
- Tap the bread with your fingers. When it makes a hollow sound, it's ready to serve.



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### Avian influenza

The Poultry Products Prices Monitoring Report explains that the current Highly Pathogenic Avian Influenza (HPAI) situation threatens the industry stability if it is not contained. To date, only layer and breeding farms have been affected, with broiler production farms so far having escaped this devastating outbreak. As avian influenza can affect humans and is easily spread amongst birds, the impact of the local outbreak has been significant. The industry is currently working closely with the Department to address the outbreak. Further outbreaks could lead to a drastic reduction of local flocks, adversely affecting production and local prices.

### Civil unrest

The civil unrest, looting, and riots which took place in July 2021 caused a great deal of disruption in the poultry sector in South Africa. Farms were reportedly invaded, public infrastructure was destroyed, and businesses suffered supply chain disruptions.

Storage capacity for frozen poultry products became a challenge, says Breitenbach. "The biggest issue in such instances is the potential threat to food security. We slaughter about 5 million birds a day nationally – about 30% of these in KwaZulu-Natal – and those end up in cold storage, but stores were filled to capacity."

Henwil Chickens has noticed a lasting effect of the unrest, saying that many of their high-value items couldn't be sold, resulting in excess stock



Henwil Chickens has invested in company-wide advancement, from technology to the business model and marketing, to realise their vision of becoming the best chicken processing facility in South Africa.

being placed in cold storage. Alberts noted that as prices have recently increased, it has worked in their favour to some extent, although the additional storage requirements with limited availability also carried cost implications.

### Covid-19 and lockdown

The coronavirus has hugely impacted daily life, from the individual consumer to businesses across the spectrum. Of course, the poultry sector has not gone unscathed with increased costs to manage

the risks associated with Covid-19 and a complete shutdown in the food service and restaurant sectors during the various levels of lockdown.

The change in demand saw more chicken being channelled to frozen production, resulting in higher stocks of individually quick-frozen portions in the industry and downward pressure on selling prices to the consumer market. "Lockdowns have affected the food service industry, and the hotels and restaurants that would normally use the high value products – fillets and drumsticks and so on – showed significantly lowered demand due to these limitations. We saw an immediate difference in the first two weeks once the country moved to Level 1," says Alberts.

As far as changes in the market go, he says that it is evident that people are putting more lower-value product in their baskets. He noted that especially at the beginning of lockdown, retail seemed to have a major advantage as people were eating and braaiing more at home. "Lockdown has certainly been a determining factor, but retail has been relatively stable throughout. We even see a difference with the R350 government grant in that people spend that money on the lower value products."

### Industry innovation

"Consumer trends have driven rapid change in recent years across food," writes Rob Dongoski, Food and Agriculture Leader at Ernst & Young USA, in an article on verticalisation in food and agribusiness. Due to increased food and health



# NEW PRODUCTS

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consciousness, consumers display more diverse demands in their consumption, with transparency and convenience top of the list.

To evolve themselves, businesses will have to be innovative in the adoption of leading practices, digital tools, and new business models – one of which is integrating into different areas of the value chain. This combination of multiple stages of the production process leads to better quality control and transparency, reduced costs, and potential increase in market share.

In South Africa, Henwil Chickens has spent the past three years investing in just such an evolutionary business process. “We have been expanding our value chain by hatching the chicks ourselves to then place them. Producing our own feed, transporting it with our own trucks, then slaughtering, packaging, and selling – all those links in the chain will be internal. We have started building our own feed factory, which will have a large impact on us as we currently buy around a third of our feed. We should be 100% self-sustainable by August 2022,” says Alberts.

During 2018, Henwil Chickens upgraded and expanded their abattoir section to include the latest technology and double their production capability. This allowed the company to be more adaptable to market demands. Alberts says, “When, for example, the chickens that come in are too big and heavy, we can decide to cut and package for a specific market. We are more flexible and therefore more successful. We were never able to maximise on that potential once Covid-19 came along, but



“ Since Covid there is no more normal. Previously, you could observe and follow trends, but during this pandemic, things vary constantly and you must think on your feet and be ready to adapt to the market.

International travel being limited has hampered the local market quite a bit. Foreign currency is vital in the South African economy but now hotels, guesthouses, and restaurants are operating with only local buying power. With the UK removing us from the red list recently, we are sure that the increased travel will make a tangible difference. ”

**Henk Alberts, CEO of Henwil Chickens.**

in 2021 we’ve been able to see the benefits of improved profitability, product availability, and increased prices. If we hadn’t done that three years ago, we wouldn’t be in the strong position we are in now.”

Through these expansions, Henwil Chickens has ensured consistent supply and controlled cost, as well as optimising the value chain in terms of transportation. The traceability and transparency

## Hot tips for retailers



- The customer’s focus on convenience means that they shop both at the meat/poultry fridges and counters as well as in the frozen aisles and deli. Manufacturers and retailers looking for new production and marketing opportunities could experiment with positioning of products in different locations to take advantage of cross-promotion.
- Being aware of customers’ chicken preparation habits gives retailers an opportunity to call attention to these throughout the store: the focus here is on portion sizes, value-added proteins, blended items, and plant-based alternatives.
- The poultry fridge is a prime spot for retailers to call attention to trendy flavours and protein alternatives, as well as interesting value-added and pre-prepared poultry items that might appeal to flexitarians and other adventurous consumers.
- Showing your customers that you are staying on top of the latest trends could help to attract a wider array of consumers who want to mix it up when it comes to traditional and alternative proteins, as well as flavours.





Image courtesy of Pixabay, Pexels

Crumbed chicken cutlets and nuggets are among the fastest-growing segments in the global market.

in controlling all aspects – the sources of feed, the animal living conditions, and the treatment of animals – further offsets the risks related to food safety and quality.

“We are FSSC 22000 food safety certified for the first time this year, and that ensures that a high standard is met. We have a vet that looks after the health of the chickens, we have a field official checking on housekeeping on the farms, ventilation, temperature, sufficient food, and clean water. Our catching teams monitor the catching and handling of chickens, trucks are maintained for transport, and the schedule is finely planned so that the birds aren’t ever exposed. We have a task team investigating new and improved techniques that ensure chickens are not injured or bruised. We are investing in new cages that are more

advanced and cost effective, contributing to the chicken’s welfare. Ultimately, we are competing with other businesses who also do their research and development, so we must always be ready to stand up to those challenges.”

### Product development

A recent report by Straits Research indicates that the ‘ready-to-eat meats’ market is set to grow by nearly 5% over the next five years. The poultry products included in this segment

are crumbed cutlets, crumbed chicken nuggets, crumbed chicken tenders, turkey or chicken burgers, sausages, and viennas. Of these, crumbed chicken cutlets and nuggets are among the fastest-growing segments in the global market.

Companies are continuously making efforts to improve on flavour and cater to the preferences of their customers.

“There are several other major factors driving this market growth. These include changing lifestyles, rising demand for ready-to-eat products, the improvement of industrial meat processing equipment, and the convenience of processed meat products.”

Image courtesy of Nando’s



Inspired by the knowledge that customers often try to recreate their well-loved flavours at home, Nando’s introduced their easy-to-use Bag & Bake range for inspired at-home cooking.

### Nando’s at home

Nando’s has extended their product range for retail to add to their popular sauces and perinaises. Backed by the strength of the brand’s name, consumers should be happy to add the new Bag & Bake product range to their trolley. Featuring a sachet of spices for use on chicken, meat, fish or vegetables, the oven roasting parchment bag “promises to be an easy solution to spicing up dinnertime, with a quick fix of Nando’s PERi-PERi right out the oven,” says Vanessa Nunes, Marketing Manager for Nando’s Grocery Division. Appealing to the need for convenience, nutrition, and variety, the consumer is offered an option from a trusted take-away brand that can be prepared in their own kitchen in just 30 minutes.

The range has proven to be very popular since it was released at supermarkets earlier this year. “It turns out South Africans crave the Nando’s flavour they know and love to come right out of their oven at home. Who knew? We have also added the Garlic flavour to our range to complement the PERi-PERi addition to home-cooked meals,” says Nunes.







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Packaging is everything. Modified Atmosphere Packaging is proven to extend the shelf life of packaged foods without the need for added preservatives. It showcases the product in a neat and clean manner, which appeals to the consumer.

The report states that globally, half of the population relies on meat for regular protein requirements, which is why ready-to-eat meat products are becoming more popular among the consumers in developed and developing countries.

**Adding tasty value**

The strategy adopted by Henwil Chickens is one based on producing value-added products that meet the end-user's needs. "Healthier living and the pace of life means that value-added products are in demand. Our new range of crumbed products are fully cooked and whole muscle (using a whole piece of meat), which cooks much faster. MAP (modified atmosphere packaging) packing is neat

and clean, extends the shelf-life of the product, and assures the excellent quality of the fresh product. Six Gun Grill spice is popular now and we are looking at a partnership with Crown National to produce pre-dusted or pre-spiced chicken portions, also in the MAP packing. Our new product developments are very exciting," says Alberts. **SR**



**Jeanne-Riëtte Martins** is a multi-specialist writer with a degree in Industrial Psychology. Influenced by her background in human resources and industrial relations, she writes on issues that impact businesses from SMMs to corporates across various industries. Her writing repertoire includes B2B and B2C content for print and digital platforms. She is also an award-winning blogger for some of South Africa's largest food and family lifestyle brands. [jeanne@wilkinsross.co.za](mailto:jeanne@wilkinsross.co.za)



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# Alcoholic beverages

## Insights, trends and the new favourites

The Alcoholic Beverages category is big, powerful, and full of innovations, but the industry took a hard knock in 2020 as the sale and distribution of all alcoholic beverages was fully banned on three occasions due to Covid-19 related restrictions. With a return to full alcohol bans in 2021, are we seeing an industry on the brink of disaster, or rebirth?

According to a report from Euromonitor, the industry is expected to take until 2023 to return to pre-Covid-19 value sales. Some producers, especially micro and craft breweries, were unable to sustain their businesses and closed their doors for good. Others were forced to lay off between 60% and 90% of their staff. Some capital investment projects were cancelled and put on hold, and packaging and glass companies also lost millions as production came to a standstill at various points during 2020. No producer or retailer was spared.

We have seen some positive developments, however. E-commerce experienced growth as many consumers preferred to purchase online when Covid-19 restrictions allowed, and grocery retailers also strengthened their dominance on market sales in 2020 due to consumers preferring



Image: Ketut Subiyanto, Pexels

to shop close to home and being unable to consume alcohol on-site. So where are we now?

### Lockdown – the story unfolds

A recent NielsenIQ report, *Recovering from a sobering situation – Covid-19 Impacts on the South African Liquor Industry*, found that after the first three alcohol bans, although recoveries were made, there was still an overall decline in alcohol sales for the same total time period in the previous year.

Pre- and post-lockdown stock ups of liquor did not negate the total loss of selling days.

The report goes on to show that after the end of the third ban, liquor categories benefitted differently from March growth. In the first quarter, liquor was growing across all categories except beer, which remained under pressure, driven by a decline in on-site consumption at licensed taverns, local bars, and pubs, which has resulted in less demand through the wholesalers.

NielsenIQ Sub-Saharan Africa MD Kelly Arnold says, "Beer remains the largest contributor to growth, despite smaller growth figures, but this is due to the absolute size of beer in the category. At a total market level (on- and off-site consumption), beer was undeniably under pressure."

This decline is partially driven by constrained consumers – people who have been affected by job and income loss – who are changing their buying patterns to reflect their decreased spending ability.

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The NielsenIQ Consumer Insights Study 2020 found that a staggering 66% of local consumers are newly constrained.

On a positive note, however, wines and spirits have shown the most growth in the liquor categories, with box wine the biggest contributor to volume. Wine in a box is no longer the province of cheap brands and bottom of the barrel product, Woolworths sells well-known wines such as Spier, Pierre Jourdan, and Diemersdal by the (recyclable) box. In addition, consumers are moving to longer lasting liquor options as they perceive these to be better value for money and the right price point for stocking up. Stocking up can be precautionary (we may face future bans), but it can also be a safety measure as it reduces trips to the store. (See graph below)

**The duality of value and premiumisation**

Finding a balance between affordability and quality is going to become more challenging. Healthline (www.healthline.com) points to the growing trend amongst millennials as well as more mature consumers towards more mindful consumption. Moderation is becoming more popular, for both the health-conscious and the fashion-forward. With mindful moderation comes the ability to afford a more premium product – it’s easier to afford better quality when your aim is to consume quality instead of quantity. Albert Gumbo, co-owner of Off The Grid, a neighbourhood pub in Paulshof, Gauteng, says, “Consumers are price sensitive. They will take their business elsewhere if they think you



Image: Burst, Pexels

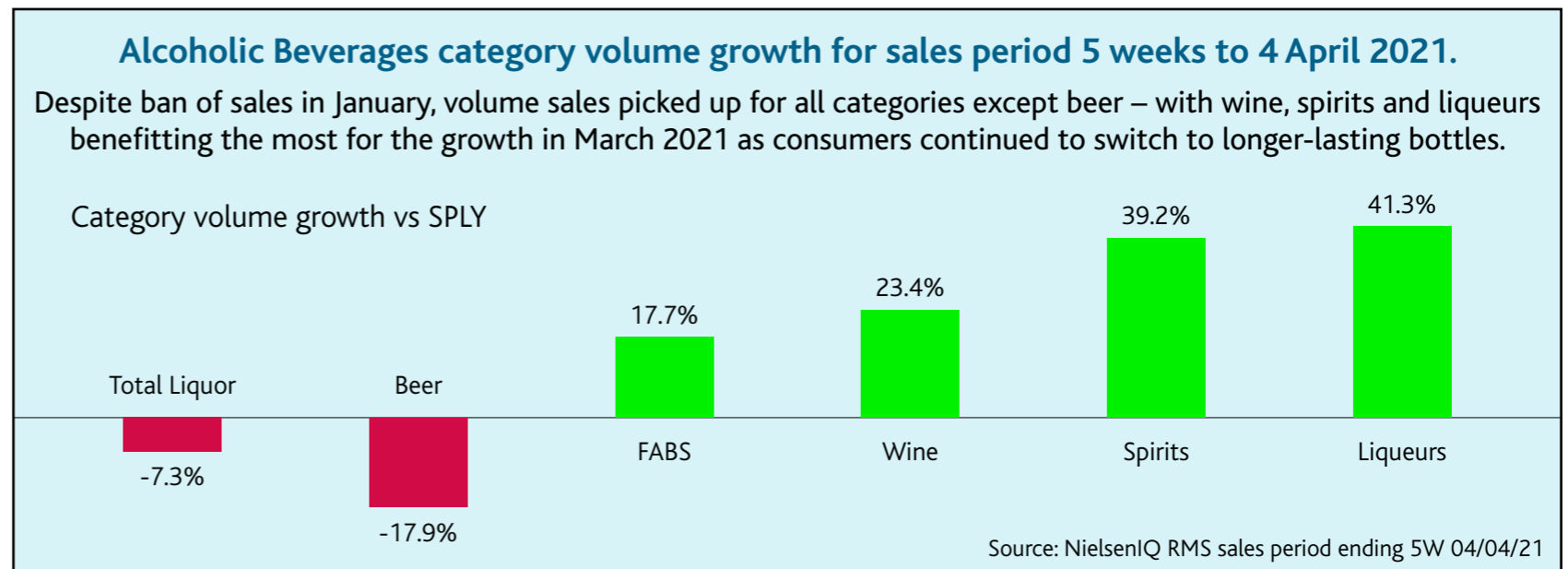
are charging more than you should, and yet higher LSM consumers know the value of money. They understand what they are spending their money on, and they make a conscious decision about how they spend it.” On the other side of the coin, the economic blow dealt by multiple lockdowns has had far-reaching effects. For many consumers,

cutting back on expenses means searching for affordable substitutes, and this includes alcoholic beverages.

**On the wine front**

South African wine is a big industry, and it has been sorely tested over the last year and a half, yet despite severe losses, all is not doom and gloom. Sustainability has been a growing trend in the wine world for quite some time, with vineyards turning to chemical-free pest and organic

farming processes. With the changing climate, grape farmers have also had to relook how they grow their grapes, and this has in turn lead to more producers embracing water-wise farming techniques. It’s good for the land, essential for their continued production, and popular with consumers.





# plastic ideas



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Sustainability is also sought after in terms of packaging. Wine in a can, once looked down upon by oenophiles, is another growing trend. It's easy to carry, much more practical, and aluminium is one of the most widely recyclable materials.

Boxed wine, as we mentioned before, is gaining in popularity due to its value as a bulk-buy product. The added benefit here is that wine in the box lasts much longer than a bottle, which is in keeping with the move towards moderation. It also makes a better quality of wine more easily available for home consumption.

Better quality home consumption is another local trend that looks set to continue. Thanks to the lockdowns, alcohol bans, and continued restrictions on on-site consumption, South African consumers are looking for higher quality wines to enjoy at home, and this means they are also being more adventurous in their choices.

Dinner-at-home wine pairing has become another new normal, leading consumers to better understand the wines they are drinking, and buy wines that will complement their home-cooked meals.

Zoom and virtual wine tastings are gaining popularity – consumers are invited to try the wines, which can be ordered online, in the comfort and safety of their own home, whilst being guided through the tasting by a professional sommelier, winemaker, or producer.

The Woolworths WCellar hosts monthly virtual wine tastings, often pairing a members' special with the wines that will be tasted. This renewed



The increased availability, as well as the improved taste and quality of de-alcoholised wines, alcohol-free beers, and even alcohol-free gin, has garnered a new fan base in South Africa.

interest in wine tastings will hopefully carry over into live and in-person experiences once Covid has been sufficiently tamed.

Rosé came to the party in 2020, arriving with all the joy a pink wine should. And it seems it is here to stay. The meteoric rise has slowed significantly, but it has found its place between the reds and the whites and does not appear to be going anywhere. An easy drinking wine, it suits the South African outdoor lifestyle and is a perfect fit with our long, hot summers and penchant for pairing wine with braai meat. Another growing favourite is the lighter style of red. Easy drinkers such as pinot noir, grenache, cabernet franc, cinsaut, and zinfandel

(to name a few) are expected to make more frequent appearances in the near future.

Michael Fridjhon, noted wine writer and chairman of the Old Mutual Trophy Wine Show judge and renowned authority, says "There does seem to be a polarising effect in the industry: more boutique producers as well as some consolidation amongst the bigger cellars. I guess this means that there is a growing consumer demand for hand-crafted wines, and a growing demand for competitively priced wines (and this latter requires economies of scale)." He does go on to call into question the longevity of the craft wine industry, saying "In turn there has been a growth in craft and niche producers – at least until a few years back.

Even before Covid however that trend had come to an end and there was an attrition in terms of the number of smaller producers. Total crush cellars are now down to 529 – a decline of about 40 over a four-year period."

The effect of South Africa's repeated alcohol bans has been widely publicised, and they have hit the wine industry particularly hard as the initial ban included international exports – a crushing blow to the industry. Fridjhon, however, says that even before lockdown, change was coming.

"The attrition may have been exacerbated by the lockdowns, but the decline in growers' numbers has been a longer and more destructive process.

In twenty years almost half the grape growers have left the industry. Lockdown reduced fine wine consumption and those who are battling financially will seek out cheaper alcohol sources – including the illicit sector.”

The message is clear: support local or say goodbye to even more favourites.

Gumbo says he and his business partner invested in a high-quality red and white own-label wine for the pub just before the fourth ban, and the red has been moving exceptionally well during the colder months, particularly with local patrons.



Image: Christian Fridell, Pexels

**Craft gin – is the fairy tale over?**

“ Craft spirits are a strange beast. By all rights, they’re a fad that possibly should have faded by now, but they haven’t. ”

Internationally, gin and whisky sales are predicted to increase, and the hope is that we will see the same locally – at least from producers who have managed to withstand the repeated alcohol bans.

The post-Covid NielsenIQ report, however, points to a downward trend in ultra-premium gin consumption. This is seen to be because of the move towards eating in and entertaining at home decreasing the need to impress others or be seen drinking premium brands.

For Gumbo, craft gin has always been more about location and situation – it sells more in ‘trendier’ spots that cater to those who seek new experiences. In a pub setting, old favourites and

established A-brands are the more solid sellers, with gin drinkers tending to be brand loyalists.

According to the Spiritz (spiritz.co.za) website, “Experiential experiences were at the forefront of South Africa’s alcohol trends in 2018 and 2019, which was good news for local craft spirits manufacturers.” That all changed in 2020 with the first prolonged alcohol ban and national lockdown. Before that, distilleries flourished, producing top-quality craft spirits in new and innovative flavours such as citrus or wild cucumber. This popularity, along with online sales, allowed most distilleries to survive.

Unlike the wine industry, gin, for instance, is not seasonal and can be produced year-round, and fairly quickly. Spiritz goes so far as to predict “that the resilient craft spirits industry will grow steadily over the next year and go into 2022 stronger than before.” We can also expect to see increased innovation, in everything from flavour variants

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to advertising and even packaging – an example of this would be the vibrant new offering from Bombay gin, Bombay Bramble. Hendrick's Lunar is another exciting new offering for gin lovers. Alcohol-free and low-calorie options are also going to become more popular as consumers become more health conscious – as seen by the Abstinence range of alcohol-free spirits and aperitifs. The biggest challenge, besides the potential for new bans, will be keeping local products affordable enough to fend off international competitors, whilst also being profitable enough to survive.

### Beers and ciders to the fore

The Beer Association of South Africa (BASA), comprising the Craft Brewers Association, Heineken South Africa, and South African Breweries, has been firm in condemning the devastating effect of the alcohol bans imposed during the pandemic. It noted that the bans have “already resulted in over 7 400 jobs lost in the beer industry, R14.2 billion in lost sales revenue and more than a R7.8 billion loss in taxes and excise duties.” The Craft Brewers Association of South Africa reported in July 2020 that seven breweries had closed down and over 63% of craft brewers and brewpubs had to retrench staff.

That said, the international beer, craft beer, and cider categories are predicted to remain stable and, in some cases, realise growth as emerging markets increase their consumption. The IWSR predicts cider to make significant gains in South Africa in particular. Craft beer festivals are



The international beer, craft beer, and cider categories are predicted to remain stable and, in some cases, realise growth as emerging markets increase their consumption.

planned for 2022, and SAB has pledged to invest R2 billion in South Africa. Meanwhile Heineken has approached local producer Distell with an offer to buy the majority of their business, suggesting the beer market is on its way to making an almost-complete recovery.

At Off The Grid the three craft beers that are kept on tap sell well, particularly amongst middle-aged customers, with younger clientele preferring to stick to well-known brands. However, Gumbo says they are seeing growth in the cider category, with customers viewing it as an easier-drinking and more 'fun' option.

Deciding what to stock may be a retailer's biggest challenge, as craft brewers move into the national market and ciders gain popularity. Online purchases mean most smaller brewers can reach a wider audience, leaving store-bound retailers to

stock known favourites, with the addition of one or two more niche brands. Online-only deals are also becoming more normal, allowing retailers to store stock of smaller brands and niche producers in warehouses instead of in-store.

### The spirit of a brand

Whisky, that most-revered spirit, remains in a class of its own despite challenges from the premiumisation of other drinks such as gin, tequila, and rum. You can actually invest in whisky casks, and expect a decent return, which suggests that even though the rarefied world of single malts is having to change to meet new consumer demands, it is still a force to be reckoned with in the alcoholic beverages category.

Drink Stuff South Africa ([www.drinkstuff-sa.co.za](http://www.drinkstuff-sa.co.za)) writes, “For many whisky producers, increased

demand from a growing middle class in markets like India and China is straining supplies of aged whiskies.” This, combined with a concerted effort to a younger LDA (legal drinking age) audience, has driven innovation in the whisky market. Instead of focusing solely on ageing and heritage, brands are looking at more socially responsible production values, changing up the whisky production process, investing in modern packaging and labelling to increase shelf appeal, and embracing social media.

No longer just for old men sipping whisky around the fire, the new target consumer is younger, male, or female, and not afraid to order their whisky in a premium cocktail or as a sipper on a night out with friends. Whiskies aged in XO cognac casks, experimentation with traditional ingredients, and the addition of new technology to save on wood and water in the production process are just some of the innovations we are already seeing in the whisky market.

Brand loyalty cannot be overstated, and some of the most serious whisky buying power amongst local consumers values the heritage and tradition associated with more established brands. The younger market, however, has embraced online shopping and are willing to be bold and adventurous with their choices. At Off The Grid, price is not an issue as whisky drinkers remain fiercely brand loyal – Jameson being their biggest seller, consistently.

Echoing this, the NielsenIQ report saw established ‘A-brands’ regaining strength in categories where they had been struggling. Arnold says, These



No longer just for old men sipping whisky around the fire, the new target consumer is younger, male, or female, and not afraid to order their whisky in a premium cocktail or as a sipper on a night out with friends.

A-brands provide trust and security for cash-constrained consumers who are more familiar with the big brands. They are now making choices based on cash-in-hand and simply don’t have the cash to experiment.

Consumers are also spending less time browsing the shelves and are defaulting to brands that are easily recognisable. The bigger brands are also better able to maintain stock levels and therefore haven’t lost out to the knock-on effect of being out of stock when consumers are already visiting stores less frequently. For Gumbo, sales of Jose Cuervo and Jagermeister are a case in point – they’re amongst two of the most popular shooters amongst all age groups.

### Local and international trends on the horizon

#### Flavour first

Flavour innovations: Consumers are looking for unexpected and exciting flavour combinations, or

new twists on old favourites. NielsenIQ reports that Flavoured Alcoholic Beverages (FABs) saw growth in the last few weeks of the first quarter of 2021. FABs also saw innovation during the tail end of summer with new packaging – the introduction of 440ml cans and 660ml quarts provides a sharing opportunity at home.

#### The hero is zero

As moderation grows in popularity, so too do low-alcohol and alcohol-free alternatives. Repeated alcohol bans have also introduced a whole new category of consumer to these products, as people turned to alcohol-free beverages in desperation. The increased availability as well as the improved taste and quality of de-alcoholised wines, alcohol-free beers, and even alcohol-free gin, has garnered a new fan base, and producers are responding accordingly.

Noted South African wine maker Graham Beck recently released Allure, a de-alcoholised sparkling wine. In their release notes they have targeted soon-to-be and nursing mothers, teetotallers, vegans, fitness fanatics, and designated drivers, and anyone wanting to enjoy a sparkling wine ‘at any time’. It’s quite a telling demographic, and within the space of a year we have gone from a sparse-few alcohol-free options, to several major wineries offering a de-alcoholised option.

Alcohol-free gins, gin and tonic premixes, distilled spirit drinks, spritzers, and premade mocktails are all easily available online or at speciality stores, but are seemingly less popular in supermarkets and general retailers – possibly due to an overwhelming

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number of options in what is a growing but still niche market. This is beginning to change, however, as bigger retailers introduce a small but significant range of alcohol-free options to their liquor ranges.

### Premium is in

Premium rums and tequilas as sippers or as part of high-end cocktails attract a new consumer that is younger and more adventurous, and the spirits category has responded by providing premium-quality beverages as well as more exciting ways of drinking them.

### Boxed is best

Wine in a can (or a box) is convenient, sustainable, and easy to store. Wine in a can and wine in a box is gaining popularity and is no longer the province of cheap brands only, as more notable producers include these packaging options in their retail offerings.

### Convenience is king

Convenience is a watchword throughout the food and beverage industry. Consumers are short on time but are still demanding the same level of experience as before. Premade cocktails (and mocktails) are quick, easy, and convenient. They're also a lot easier to store for home consumption than all those glass bottles, cans, and shakers.

### Orange is the new black

No, it's not made from oranges, it is white wine that is made by letting the grape skins stay in contact with the juices for days or even months, creating an 'orange' or 'amber' wine. It's a very old



Allure is a de-alcoholised sparkling wine by renowned local MCC producer Graham Beck.

process that has recently been rediscovered, with glee, by producers looking to add something extra to the 'not white/not red' market.

### Sparkling fizz

Seltzer, or fizzy water, infused with alcohol and fruit juice or flavouring, is a low-calorie option that is becoming popular amongst younger and more health-conscious consumers. Flying Fish is the first big producer to make a concerted effort in this market locally, as others have remained firmly niche. Flying Fish Seltzer is produced by SAB. Topo Chico flavoured hard seltzers are also being marketed hard by Norman Goodfellows, suggesting South African consumers are developing a taste for this very American trend. Oh, and it comes in a can ...

### Sustainability is here to stay

What started as a trend is becoming a global movement. According to Spoonshot data, "References to sustainability in consumer media (blogs and articles written by influencers and consumers in consumer media channels) grew by 47% over the last 12 months (to May 2021)."

The report goes on to add, "Across food and drink categories, sustainability has gone from being a 'nice-to-have' claim to an 'absolutely necessary' claim. This is becoming true in the alcohol space as well, as more companies look to offer alcohol that's better for the planet."

From renewable energy to repurposing fruit-based by-products from production processes and tackling plastic waste, to land stewardship and water conservation, sustainability in the alcoholic beverages industry has become increasingly important.

Both The International Wine and Spirits Commission and the Distilled Spirits Council of the United States have recently released standards on what can and cannot be labelled as 'sustainable'. **SR**



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# Design changes that reduce refrigerant charge



Roy Naidoo  
sales director  
Danfoss Climate Solutions  
Danfoss South Africa

Soaring refrigerant price and uncertainties around future supply have made reducing refrigerant charge an increasing priority for air conditioning manufacturers and cold room installers alike.

However, there are several ways in which it is possible to reduce charge, without compromising performance.

The optimisation of refrigerant charge has always been a key part of designing cooling systems and balancing their efficiency, reliability, performance and cost, and refrigeration engineers are once again looking at refrigerant as a key piece of the puzzle.

The two main reasons for this are, firstly, the fact that refrigerant prices are rapidly increasing in parts of the world. This is largely driven by dwindling supplies as traditional options are being phased down under European F-Gas regulations, with the aim of reducing emissions from industry to 70 percent below 1990 levels by 2030 and decrease the EU's emissions of fluorinated

“ The move to reduce Global Warming Potential (GWP) has resulted in growing use of flammable alternatives. In such cases, having less refrigerant charge materially increases the number of applications where a system can legally and safely be used. ”

greenhouse gases (F-gases) by 70 million tonnes (mt) of CO<sub>2</sub> equivalent, to 35 mt of CO<sub>2</sub> equivalent by 2030. In addition, other measures to limit the production of greenhouse gases under the Kyoto, Montreal and Kigali protocols have also had an effect.

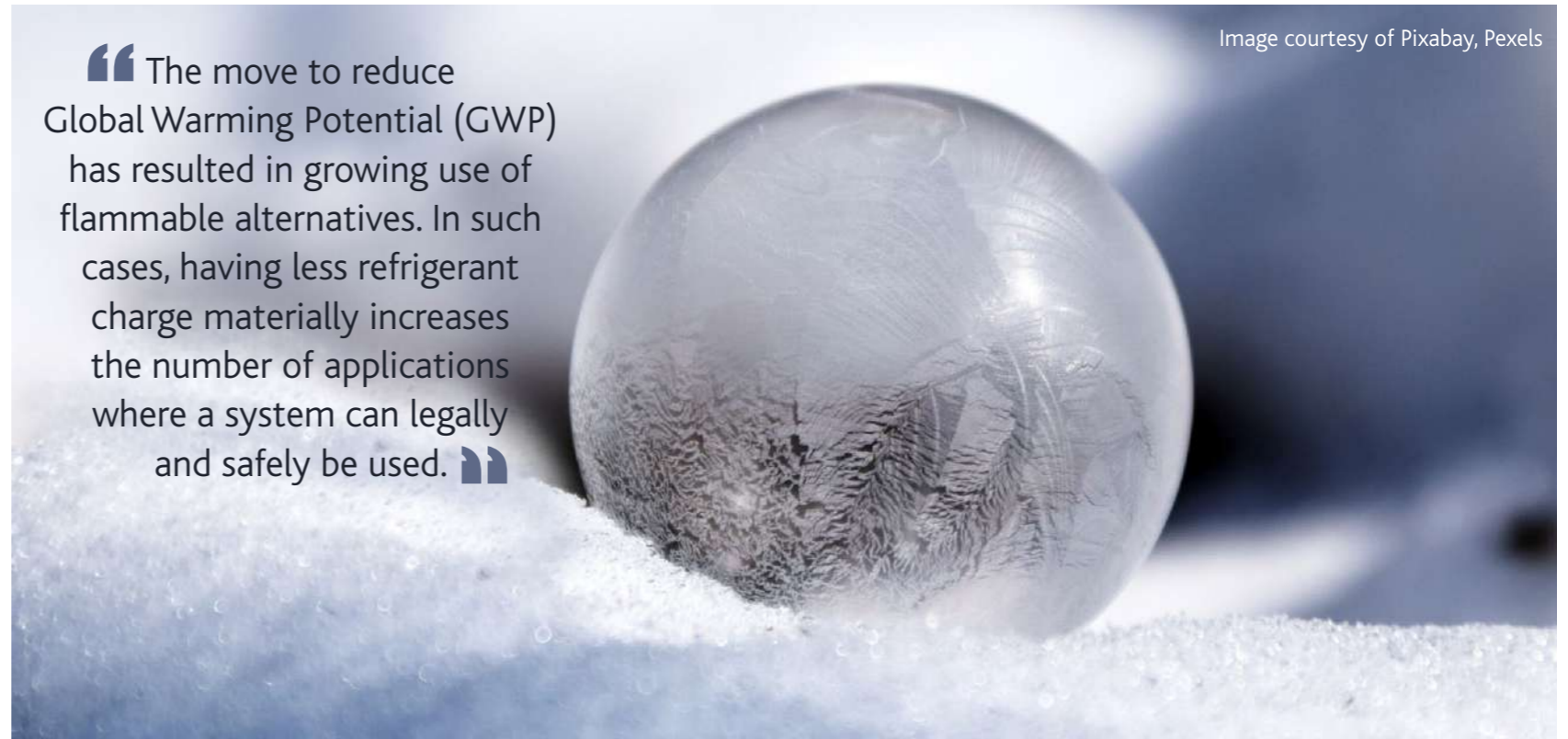
As a result, some refrigerants saw huge price increases, which can be attributed to stockpiling during the ongoing EU-wide phase-down of

hydrofluorocarbons (HFCs) and the global HFC phase-down, which began in 2019.

Secondly, the move to reduce Global Warming Potential (GWP) has resulted in growing use of flammable alternatives. In such cases, having less refrigerant charge materially increases the number of applications where a system can legally and safely be used.

So, in the current climate, reducing refrigerant

Image courtesy of Pixabay, Pexels



# 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**



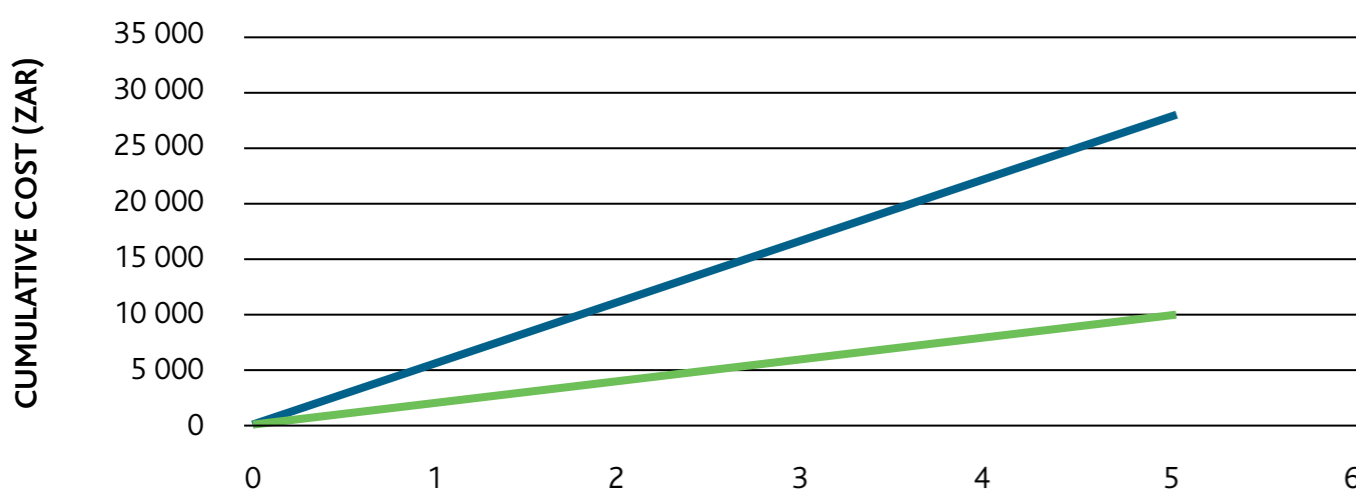
# CASE CLOSED

## 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



charge is a key part of gaining a competitive advantage for both manufacturers and installers, while also satisfying end users, and maintaining profitability.

## The advantages of reducing refrigerant

Supplies of traditional refrigerants are being reduced and replaced with new alternatives, but the costs of certain refrigerants are unlikely to drop in the short term.

These fluctuating costs and supplies mean that designing for lower refrigerant charge also reduces a manufacturer's exposure to risk should there be changes at short notice.

Reducing charge can also significantly improve installation flexibility. A reduced charge means A2L, A2 and A3 refrigerants can be used in a greater range of settings too, as it becomes easier to satisfy certain standards.

In addition, easier installation implies easier servicing. By making units simpler and lower in charge, servicing and maintenance can be carried out faster and more safely, further reducing total cost of ownership and offering a competitive advantage.

## Ways to reduce refrigerant charge

Reducing refrigerant charge can potentially make systems safer, more flexible and more competitive. This can be achieved in several different ways, while at the same time possibly bringing additional benefits to the system's full and part-load efficiency, or overall size.

Danfoss has identified a number of approaches that engineers can take to reduce refrigerant charge, without compromising on safety, efficiency or cost. These include:

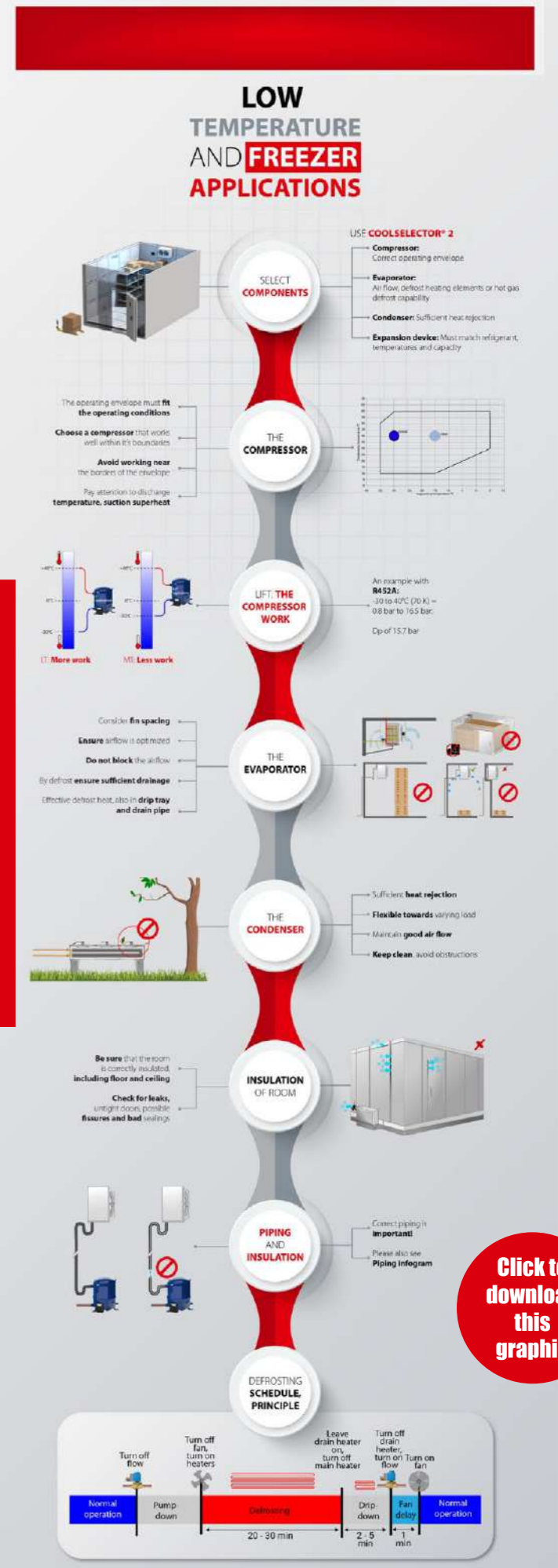
### 1. Reducing internal volume by reducing piping

Internal volume is an important factor for refrigerant charge, due to the direct correlation between the two. Internal volume is dictated by the size and number of components, meaning that minimising the length of piping – or removing it altogether – is vitally important, and the smaller diameter you can practically use, the better.

This is especially true in the liquid line. Each refrigerant has its own ratio of liquid to vapour density, but, in all cases, the liquid refrigerant density is significantly higher than vapour. So, even though most of the volume in a system might be gas, the vast majority of its mass is in the liquid phase. This means that each reduction in liquid volume has a disproportionately high impact on the overall charge amount.

A potential solution would be to move some components closer to the condenser, or design reversible heat pump systems with bi-flow expansion valves, instead of bypassing it by adding parallel piping with check valves. As long as refrigerant remains as a liquid before it reaches the expansion valve, and as long as the valve has sufficient capacity, reducing the diameter of the liquid line and the associated increase in pressure loss won't affect system performance.

Infographic from Danfoss SA provides an overview on how to design a cold room in the most optimised way



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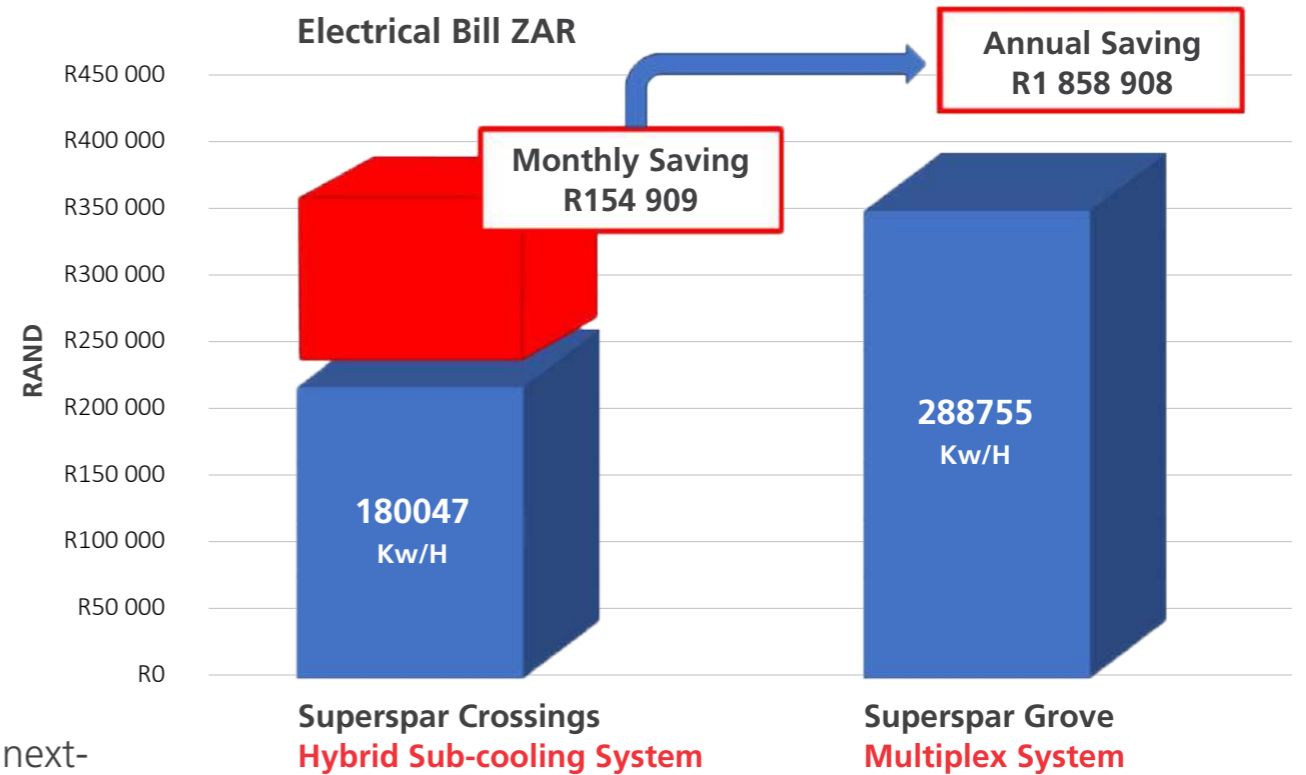
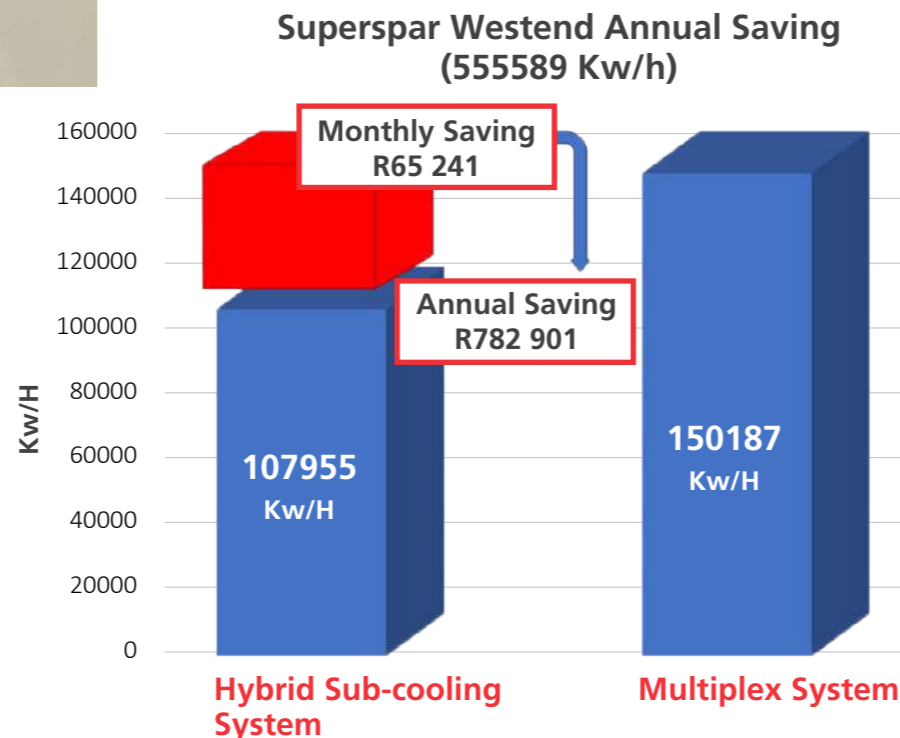


High-tech refrigeration systems, with features like multiplex compressor racks and electronic expansion valves, save many South African retailers millions of Rands annually.

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## 2. Improving heat transfer efficiency

A high proportion of charge can be found in the heat exchangers, so their design has a significant impact on a system.

“An efficient heat transfer process in modern plate and micro channel heat exchangers can have a positive effect on system design and can also improve system efficiency. ”

A micro channel heat exchanger (MCHE) uses flat tubes with small channels that not only increase heat transfer efficiency, but also reduce the internal volume and refrigerant charge by up to 70 percent compared to fin and tube heat exchangers. In applications where MCHEs aren't a viable solution, fin and tube coils with smaller diameter tubes can be used.

Heat exchangers in refrigeration systems have a two-phase mixture of liquid and vapour refrigerant. In the evaporator and condensation processes, the amount of vapour changes from the inlet to the outlet of the heat exchanger. A smart heat exchanger design minimises the volume taken up by liquid refrigerant and charge in the heat exchanger.

An asymmetric plate heat exchanger design will reduce internal volume on the refrigerant side and the amount of refrigerant in the system, without an adverse impact on waterside pressure. As a side benefit, this will result in improved heat transfer performance.



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**Refrigeration IoT solutions:** Through the VeBox cloud-based infrastructure, the Danfoss Prosa telemetry devices and the electronic controllers, Danfoss provides a complete telemetry & cloud solution to the food and beverage industry, for installation in various types of equipment.



**Highly efficient industrial refrigeration systems for the food industry:** Industrial refrigeration systems engineered to ensure perfect conditions for food in safe temperature controlled environments, while allowing for improved food safety and reduced food waste.



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### 3. Considering the system architecture

Traditional flooded evaporators require a large pool of refrigerant to work. In falling film evaporators however, refrigerant is sprayed on the tube bundle and only a small portion of the tubes are submerged in refrigerant, resulting in significant charge reductions.

In direct expansion (DX) systems, the refrigerant flows inside the tubes using flow boiling and condensation processes. DX systems will typically have less refrigerant charge than flooded systems, but will also be less efficient.

New DX heat exchanger technologies, such as micro plate heat exchangers, work with a very small temperature difference, and offer a similar performance to flooded and falling film systems.

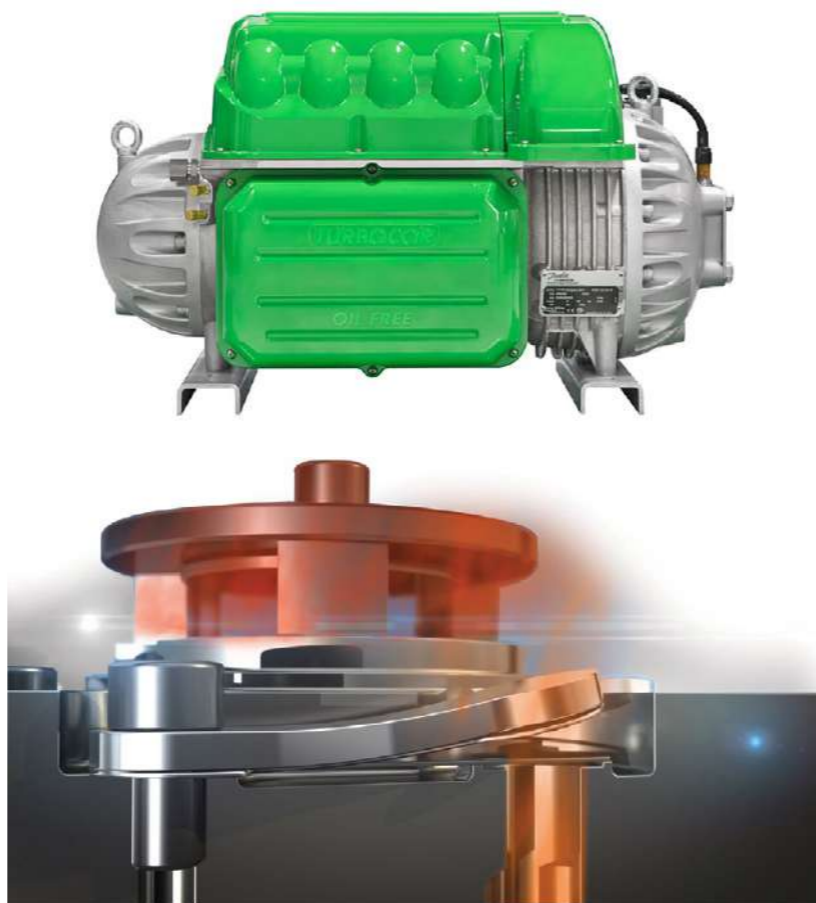
In some applications though, it isn't feasible to have a packaged solution. The evaporator and condenser sections can only be connected by long refrigerant lines, and require a significant charge.

Alternatively, a water-cooled condenser and a brine loop can be used to carry the heat from the condenser to a remote cooler, which eliminates long refrigerant pipes and will significantly reduce system charge.

### 4. Taking advantage of newer compressor technology

A system design engineer has few tools to meet ever-increasing efficiency requirements.

One method could be to use a larger heat exchanger with a smaller temperature difference. However, while this is a reliable way to increase



Innovative and efficient oil-free and IDV compressor technology minimise refrigerant charge.

system efficiency, it uses more refrigerant.

High efficiency compressors can improve efficiency not just in full-load situations or applications, but also in part-loads. This is particularly true for variable speed compressors, and those which use an intermediate discharge valve to prevent over compression in part-load conditions. Using an oil-free centrifugal compressor with variable speed functionality can significantly increase compressor efficiency.

By taking advantage of newer compressor technologies, it's possible to meet efficiency requirements without increasing charge.

### 5. Deploying smart control systems

Taking better control of system conditions can give an immediate refrigerant saving.

Using an electronic expansion valve (EEV) to replace a thermal expansion valve (TXV) results in better control of superheat and more effective use of heat exchangers, especially in part-load conditions.

For example, using variable speed fan control to control head pressure, instead of a mechanical valve to flood a heat exchanger, may mean that the size of the receiver can be eliminated or, at least, reduced.

And a variable speed drive for the condenser fan motor means it can adapt to any condition and power consumption can be decreased. This is a far better way to increase part-load efficiency rather than using larger heat exchangers that use more refrigerant.

Match the solution to your specific requirements

Clearly, there is no one right answer covering all applications. But, as refrigerant prices continue to play an important role in system design decisions, and as safety continues to be an increasing concern for those using flammable refrigerants, it's likely that engineers will use a combination of methods to improve cost, efficiency and competitiveness. **SR**

Better superheat control for lower refrigerant charge.





# From bread to bricks

The new Kit Kat store in Crown Mines truly fills one with excitement for bulk savings. Starting from humble beginnings as street vendors selling samoosas, the group has opened six massive cash and carry stores as well as a multitude of express stores around South Africa.

The Kit Kat Crown mines mega-store lives up to its name, stocking over 20 000 line items, all sourced by an in-house team of buyers. The team negotiates bargains with suppliers to ensure customers are the real winners. This one-stop shop has products available in retail and wholesale pack sizes and offers everything from 'bread to bricks' at highly competitive prices.

Strict Covid-19 rules and regulations are followed, ensuring customers are safe whilst enjoying the shopping experience. With 69 operating till points, check out is sure to be a breeze.



Kit Kat mascots Kiki & Koko



The back of the employees' T-shirts show the timeline of store branch openings

At the exciting grand opening, the Kit Kat brand was front and foremost



A team of Kit Kat buyers



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The group offers free delivery on pre-orders over R500. The store operates Monday to Friday 7.30am – 5pm, Saturday 7.30am – 4pm, Sunday 8am-1pm. The location of this store is easily accessible from the highway, has 608 parking bays, as well as a dedicated taxi drop-off zone.

The store employs a massive team of 300 staff, sourced from areas around the store, thus ensuring they give back to their local community with employment and empowerment. Kit Kat group has an internal skills development programme to train, upskill and uplift staff in all areas of the business.

Ahmed Gani, Chairman of the Kit Kat Group, adds: "We ascribe our success to you – our customers, our suppliers, and our team members. We believe that a company is its people and look forward to welcoming the Crown Mines community into our Kit Kat family – and serving you to the very best of our ability."



The fridges are fully stocked – greatly supported by Clover



A great range of Stark Ayres products for the budding gardener



Boldly branded gondola end stacked with dishwashing liquids



Plastic goods stocked to the roof



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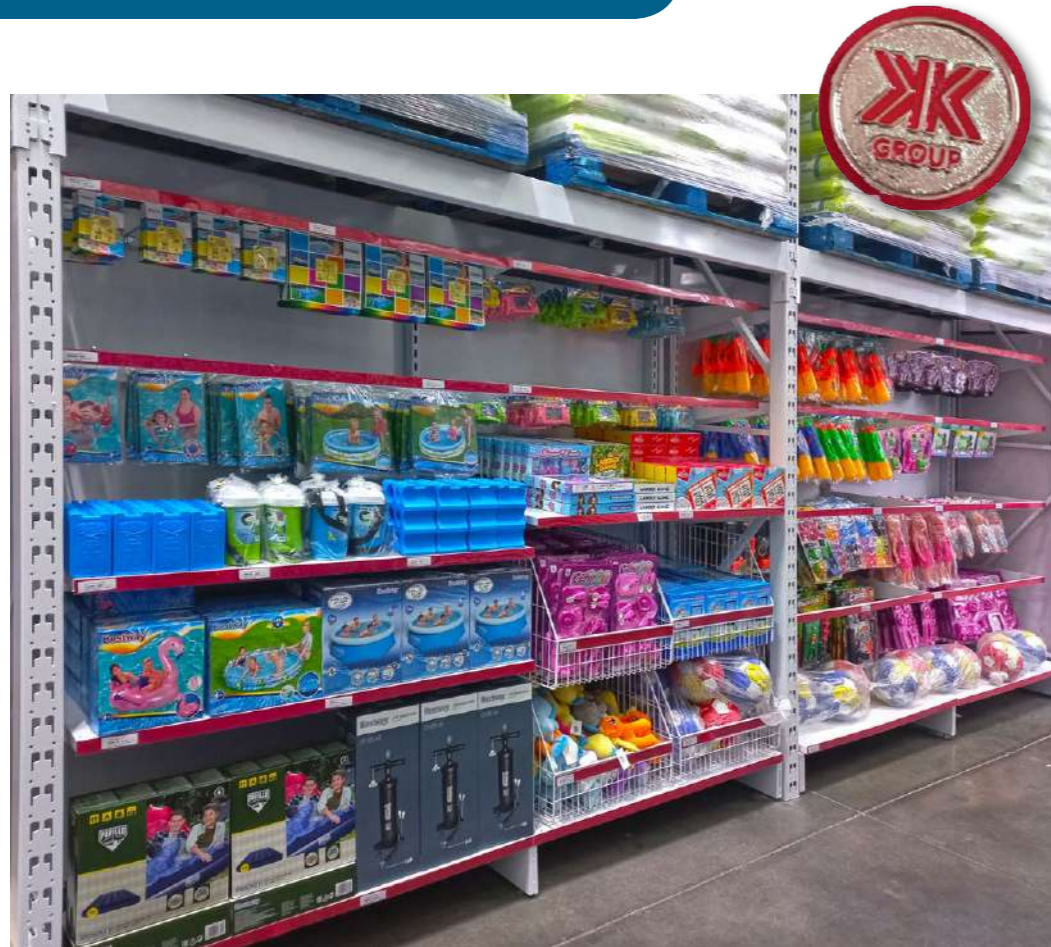
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Many aisles for your shopping pleasure



69 till checkout counters keep traffic flowing



Eye-catching messaging is bold at Kit Kat



Delivery vehicle ready to bring your orders to your door



Refreshments to keep you hydrated during your shop



# A new balance between Quality and Convenience

By Antonello Vilardi

adapted by Hippo Zourides

**L**ivorno is an Italian port city on the west coast of Tuscany, with 150 000 inhabitants. It is known for its seafood, Renaissance-era fortifications, and modern harbour where many cruise ships dock.

The 'usual suspects' of the Italian retail market, are present – discounters such as Lidl, Eurospin and Penny Market, as well as Coop. When Esselunga designed its new superstore, it considered certain USP's (unique selling propositions) to ensure its success versus the competition. These include ...

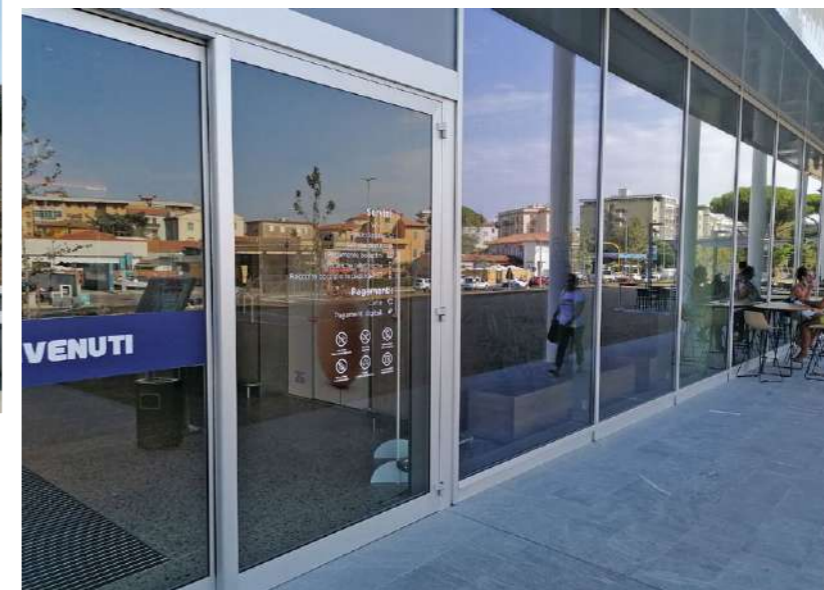
- Over 20 000 product items, indicating the large variety of available product
- In the fresh produce department, it has listed over 500 Sku's, both loose and pre-packaged
- In the fish department, customers have access to over 250 Sku's and special reference is made that some of the fish "is fresh from the local Tuscan waters"
- The fresh meat counters display over 300 cuts of every imaginable meat product



External views of the store



The store's surroundings were developed as 'green zones' to enhance the chain's image as a company caring for the environment



Entrance doors reflect the surrounding community



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- 12.1 Colour touch screen offering user friendliness
- Small footprint – occupies 1.12m<sup>2</sup> of floor space
- Fast operation speed up to 35 packs per minute
- Hygienic design with stainless steel covers limiting the use of plastics
- Easy to remove and clean parts, increasing productivity and production
- 2 film operation wraps smallest to largest trays available (up to an 80 tray)
- Eye catching label designs
- Operator adjustable wrapping tensions
- No openings on the bottom of wrapped trays
- Auto tray detection and centering for accurate label placement
- Dual Labeller version available to label packs with ingredients or promo labels on demand



ISHIDA UNI-9 Range



ISHIDA UNI-5/7 Range



ISHIDA UNI-3 Label Printing Scale range



**\*\*Uni Series now available in Linerless\*\***  
 Simply a CUT above the rest



- The wine section, manned by a Sommelier, stocks over 700 different products
- The Esselunga own brand sports a range that covers 5 700 different Sku's
- The store size of 4 500m<sup>2</sup> is large enough to be labelled a Superstore and its 191 staff members are well trained to service the public
- Shoppers have access to a basement garage for their vehicles and a total of 780 parking spaces are available. When parking one's car, a shopper can make use of special receptacle to return plastic bottles in exchange for shopping tokens aimed at buying water (a large KVI in Italy).
- The stand-alone store made sure that all its surroundings were developed as 'green zones' to enhance the chains image as a company caring for the environment.

**Convenience**

The store, which trades from 7.30am to 9pm, has included a 'Click and Collect' station to its exterior, to assist those who do not wish to spend time in store.

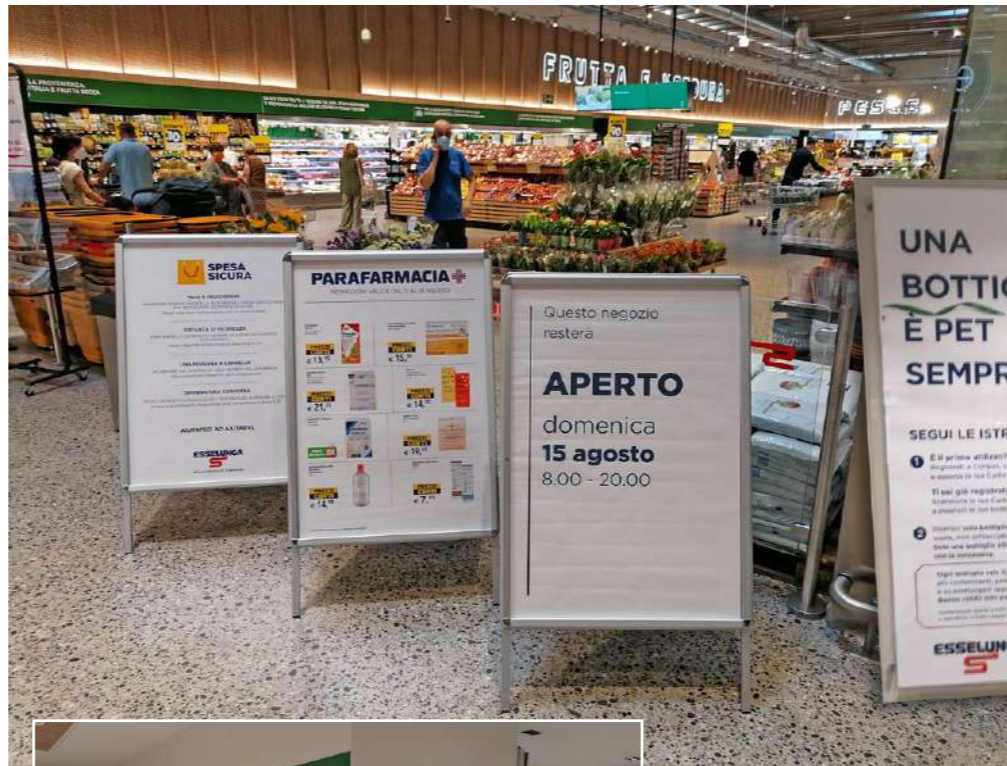
For those shopping in-store, the convenience factor has been enhanced, not only by the many till points, but also by the inclusion of self-scanning checkouts (customer rings and pays for her own products), as well as a bank of payment terminals, used for the purchase of airtime, payment of municipal accounts, lottery tickets and the like.



The basement has enough space for 780 cars



The 'Click and Go' area for customers placing orders on line



In-store signage, like this 'talking sign', is evident throughout. In this case, an explanation about the opening hours during a holiday in August

'A bottle is always a PET' is a clever slogan to illustrate that a plastic water bottle is much loved and will always be around – an appeal to the civic duty to the citizens for recycling



Located in the basement, this collection point for plastic bottle recycling, offers the consumer shopping vouchers for the purchase of water in Esselunga stores

Digital displays such as this one outline current promotional activity in the store and the system is centrally connected to electronic shelf labels displaying the promoted prices

Prodotto	Prezzo	Prezzo Promozionale
ESSELUNGA	€ 0,25	€ 0,24
LEVISSIMA	€ 0,21	€ 0,20
NESTLE' VERA	€ 0,21	€ 0,20
MORCIA	€ 0,20	€ 0,19
FRANCA ECO	€ 0,20	€ 0,19
ROSCIETTA	€ 0,19	€ 0,18
S. BENEDETTO DOP	€ 0,18	€ 0,17
S. BERNARDO	€ 0,18	€ 0,17
SANT'ANNA	€ 0,18	€ 0,17
SEVA	€ 0,17	€ 0,16
SMART	€ 0,17	€ 0,16
VITANELLA	€ 0,16	€ 0,15
ESSELUNGA	€ 0,20	€ 0,19
FERRARILLE	€ 0,20	€ 0,19
LEVISSIMA	€ 0,20	€ 0,19
NESTLE' VERA	€ 0,20	€ 0,19
ROSCIETTA	€ 0,19	€ 0,18
S. BENEDETTO DOP	€ 0,18	€ 0,17
S. BERNARDO	€ 0,18	€ 0,17
SANT'ANNA	€ 0,18	€ 0,17
SEVA	€ 0,17	€ 0,16
SMART	€ 0,17	€ 0,16
ULTRAVIO	€ 0,16	€ 0,15

## The USPs continue throughout the store ...

The prepared meal section stocks 19 Tuscan meal favourites – ready meals enjoyed by the locals, who know names such as ...

- Ribollita (a soup made with bread and vegetables)
- Baccalà alla Livornese (cod fish cooked in tomato paste and wine) or Cacciucco (a fish stew speciality of Livorno)
- Seppie in zimino (another speciality of the region, this time with cuttlefish).

The Atlantic Bar is the name of its fast food and sit-down area, where customers can enjoy a simple cup of coffee right up to a healthy family meal. This department is the 100th outlet in a chain of 160 stores.

Esselunga has been venturing into associated fields such as health and beauty (HaBa) and it has created a sub-brand, Esserbella, now 40 strong, which markets 13 000 Haba sku's, on individually-lit shelving. Next to it is the parapharmacy, where customers can access various self-medication products, as well as vitamins and supplements.

Shelves with electronic labels add to the shopping convenience and the store's promotional activity is evident in many of the audio-visual digital signage scattered over the whole store.

In short, it is the definition of great model that combines convenience with quality services, factors greatly appreciated by the Livorno shopper.



At the store entrance, this glass unit displays various promotional items linked to the Esselunga brand



A general view of the store



'Gastronomia' is an area dedicated to delicatessen items, especially the famous Italian prosciuttos and salamis. Self service cabinets allow customers to buy pre-packs and avoid the queues at the counter



The fresh flowers in the produce department have a QR code that indicate to the consumer the way to care for the flowers or plants after purchase



Once through the front door, the consumer encounters the freshness of the fruit and vegetable department.

Views of the fresh produce department with excellent colour blocking merchandising





A view of the bakery area



The bakery walls have been replaced with ceiling-to-floor glass, which allows full visibility to the consumer of the bread and confectionery preparation



Island freezer dedicated to promotion prices on perishable products

A view of dairy products





Well-lit pre-packaged fresh meat counter



A view of the fish market



A view of the area adjacent to the butchery



A view of refrigerated space (with energy saving doors)



The liquor store area has been given enough space to display a wide range of beer, wines and liquor



The frozen food area has been grouped together under a low ceiling and enough space has been allocated between the cabinets for the free flow of trolleys



The Atlantic Bar is the fast food and sit-down area, dedicated to fast convenient food and this is the 100th such installation in the chain of 160 stores





Mineral water is a huge item in the product mix of most Italian supermarkets



A view of dry grocery shelves



The Esserbella perfumery zone is now a fixture in 40 Esselunga stores



The para-pharmacy is located distinctly within the health and beauty area and close to the perfume section



The textile area of the store stocks a wide range of basic requirements for the whole family and the home



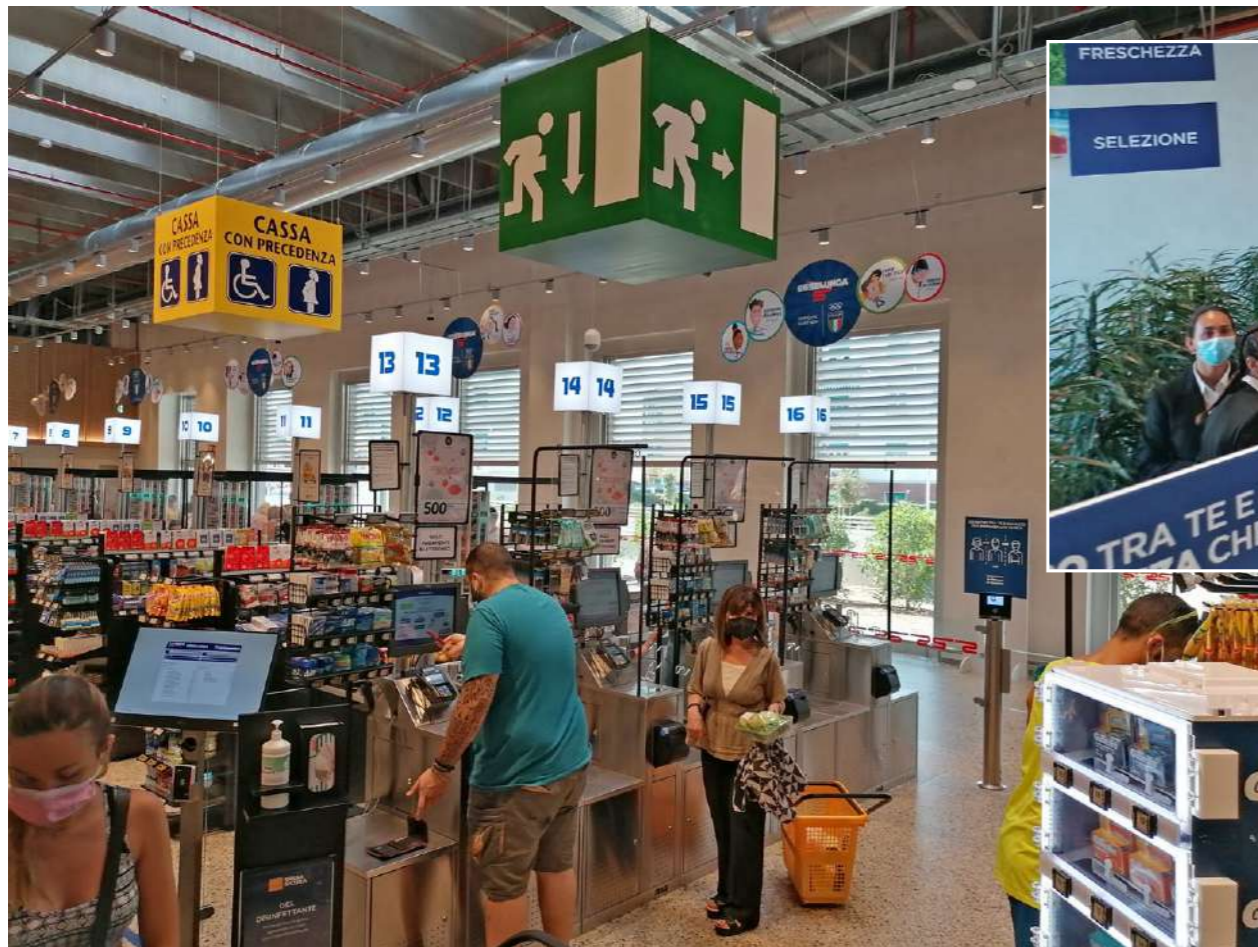
A comprehensive range of books and stationery is available in store



The checkout counters are neat and uncluttered



Self-payments terminals are available for a whole range of transactions, ranging from airtime to lottery tickets, to municipal and other government payments



Self-checkouts are used extensively, and the client service counter is nearby for any queries



# What retailers need to do to succeed in the African market

Global retail specialist Smollan looks into tips for market sustainability.

Africa can be a challenging place to do business from infrastructure issues, complex compliance, fragmented markets and dispersed populations and particularly post pandemic, harder lives for ordinary people. One cannot ignore those who have gone before with Massmart announcing earlier this month the sale of Game stores in Kenya, Nigeria, Ghana, Uganda, and Tanzania, citing a need to focus on its 'core strengths' as group losses narrowed during the half-year ended June 2021. Others followed suit such as cinema group Nu Metro, fast food giant Nando's, Supreme Furniture and magazine publisher Media24.

## From above

On the one hand, as noted in a recent Labour Research Service report, Africa has the fastest rate of urbanisation in the world, with predicted spending power of USD 1.3 trillion come 2030. And on the other, with an awareness of big brand disinvestment as chain retailers are not necessarily looking at Africa with the same eyes anymore, this is a continent that will continue to attract a calling card of suitors who despite the challenges want to re-shape, re-invent and innovate.



What works and what doesn't should shape any critical thinking strategy as the old African adage "challenge equals opportunity" can never be far from the truth. Sub-Saharan countries are promising for retail development as indicated in a report by Scientific Research Publishing [June 2021] where managing the costs of doing business will always be the key focus.

More recently, challenging times have given consumers and retailers opportunities to leverage

available business platforms within ecommerce in particular, across many Africa countries, resulting in both parties leapfrogging to new business models with reduced reliance on brick-and-mortar stores, the most notable examples being South Africa and Nigeria.

From a global perspective 2021 is seen as a year of transition, as pointed out in a McKinsey article – as individuals, businesses, and society start to look forward to shaping their futures rather than

just grinding through the present. Focusing on Africa specifically as reported in African Business, it was noted that reform in Africa is not happening fast enough with the result that some retailers are exiting their investments due to the tendency for some retailers to go big in countries based on the size of the opportunity, while the real need is much smaller – a lack of locally available equipment, power and water deficits, etc., raising the issue of cost; the tendency of global brands to either sit on

the fence or distribute through small franchises and finally, inappropriate business models not tailored to local conditions or flexible enough to roll with the punches.

That said, the fundamentals that have attracted investors have not changed, namely the lack of competition in many sectors, growing populations and an expanding middle class.

African markets need a long-term strategy and retailers with an eye to expanding into Africa must pay close attention to the many factors that make up the marketing environment so suggests [www.journals.sagepub.com](http://www.journals.sagepub.com). To be successful in Africa, the commitment of physical resources should be done slowly as well as partnerships created to do business with local suppliers who have the experience of open markets.

**On the ground**

Taking a snapshot of Kenya for example, Standard Banks Africa Consumer Insights Report [Dec 2020] noted that consumer spending in the region was expected to grow by 4.8% last year and that in the medium term the outlook is constructive, with an expansion in the middle class, a well-established retail sector and overall improved income.

On the downside, inflation in Kenya is set to rise based on food and fuel price increases. Understanding regional nuances in Africa and the differences that make up shopper diversity is critical.

For example, of all the countries surveyed, Kenya is the only market that provides a wide variety of the same product at different price points.

Image courtesy of Thirdman, Pexels



Toothpaste is a good example with not only varied price points but also flavours, and sizes and Unilever’s Geisha brand, found to be one of the most prominent soaps with preferences showing that consumers prefer anti-bacterial soaps.

**Moving forward**

A developed omnichannel approach is key in Africa as consumers are becoming more savvy post pandemic, as well as being exposed to various brands across the globe. Retailers will have to be flexible to remain relevant.

The pandemic exposed inefficiencies in retail supply chain management in Africa. This could be lessened to a certain extent, through local sourcing and purchases. While Forex losses and repatriation are an international retailer’s headache – buying local can alleviate this especially in the food industry and FMCG.

“ Retailers need to offer a differentiated customer experience at every touch point of the journey – where they develop a culture of giving more that is expected to maintain growth and market share. ”

SR



Image courtesy of Greta Hoffman, Pexels

# More cash during Covid signals need for greater digital payments inclusion

Despite popular belief otherwise, South Africans have become more dependent on cash during the Covid-19 pandemic.

“In South Africa, cash has proven to be a resilient medium of payment in uncertain times, but its increased use also indicates a need for greater inclusion in the digital payments landscape,” says Ghita Erling, CEO of the Payments Association of South Africa (PASA).

## Why do many South Africans prefer cash?

So far, digital payment systems have mainly benefited the country’s higher-income and financially astute earners, who appreciate the convenience of cashless transactions and have ready access to the country’s digital payments infrastructure.

According to FinMark Trust research, about one in five South African do not have bank accounts, and a further one-third prefer to withdraw all their money in cash than keep it in the bank account. This trend is more prevalent among social grant recipients.

Sassa statistics indicate that 95% of beneficiary funds are withdrawn within seven days of being deposited. Another Sassa report suggests that the reasons for this behaviour include fear that the funds would be repossessed by Sassa if left too long; distrust in digital services and cards; the uncertainty of how to use cards; and opportunity costs, like taxi fares if travelling frequently to ATMs.



Image courtesy of Tima Miroshnichenko, Pexels

Yet another factor driving continued dependency on cash is that many South Africans live in areas where the digital payments infrastructure does not yet reach or where digital payment is simply not accepted by local vendors.

Lack of acceptance among these retailers may be due to the costs involved but more likely because the use of cash by their patrons is so prevalent, they see little value in implementing services for which they perceive no demand.

According to research conducted, between two and five million micro and survivalist businesses operate on a cash-only basis since a convenient digital acceptance solution is not available to them.

Therefore, during the pandemic and subsequent lockdowns, the use of cash among those with limited transport or access to digital payment systems has increased measurably.

## Inclusive access

Offering those communities localised access to low-cost digital payment services would certainly help South Africa reduce the cost of producing, storing and circulating cash, which amounted to some R88 billion per annum even before the pandemic struck.

However, building awareness, educating these users and developing trust in the benefits of cashless transactions is as critical as providing a good technical solution and a reliable infrastructure.

So there needs to be a collaborative effort between digital payment providers, stakeholders and communities to ensure progress is made.

“While cash has its place in the National Payment System, speedy and ubiquitous digital payments promise financial inclusion to all South Africans,” says Erling. **SR**



“ We would love to see greater collaboration and coordination between government and private entities to decrease the reliance of poor communities on cash. ”

Image courtesy of Ivan Samkov, Pexels

