

Trade Tatler

NEWS FROM THE CONSUMER GOOD INDUSTRY – FRESH EVERY WEEK

22 March 2024

After a series of own goals by competitors and some canny trading, Shoprite has become the dominant force in South African grocery retail, with a position that seems unassailable at least for the near future. This represents a seismic reconfiguration of our industry, with all sorts of attendant challenges that we haven't yet even begun to reckon with. "For me, Shoprite is not a retailer, it's an institution," says CEO Pieter Engelbrecht. Enjoy the read.

YOUR NUMBERS THIS WEEK

R500m

saved annually by **SPAR** after disposal of **Polish** business

150

Absolute Pet stores acquired by **WW** and approved by Comp Comm

R120m

payout for **Libstar** after Denny fire

+60%

SA's annual **GDP growth** in 2023

7,500

jobs to be cut by **Unilever** globally

2.5x

the cost of **electricity** in **SA** versus **Nigeria**

RETAILERS AND WHOLESALERS

SPAR

Just call him Angelo the morning (absolutely not. Ed.)

Despite its recent woes, SPAR remains South Africa's second biggest retailer by sales, as new CEO Angelo Swartz is here to tell you. Despite the R1.6bn KZN SAP debacle, the failed Polish venture and a R10bn pile of debt, and a -53% decline in the share price over the past five years, he's bullish for the prospects as SPAR reinvests in its South African stores, of which he plans to open another 70 this year with 50 already under his belt. "We want to segment our store formats more clearly so that consumers can more intuitively resonate with the format that suits their individual needs," says Swartz. "The outcomes of this work will bring excitement and differentiation to the market." The R500m in savings from Poland will go some way to financing this growth. There are also new store categories to explore. "The easy ones are pets and babies," he asserts.

Comment: To which we're tempted to reply, have you ever met a baby? But the renewed commitment to the South African home front is welcome news.

[Business Times 17/03/24](#)

Woolworths

Pet projects

The Competition Commission has tipped its battered grey fedora in the direction of Woolies, giving the Posh One the go-ahead for its acquisition of a 93% stake in Absolute Pets from Sanlam Private Equity and Absolute Pets management. This gives Woolies a 150-store footprint in a lucrative and growing category, with plans to open more. "Our customers are certainly spending a lot of money on their pets and we want to provide them with the absolute best experience," notes CEO Roy Bagattini. Woolies has been on an expansionist tear of late through its new Woolworths Ventures vehicle, accelerating the rollout of pet care, food services (WCafé), standalone liquor (WCellar), and small store clothing formats (WEdit clothing). In less welcome Woolworths news, the business has announced the retirement of Zyda Rylands as CEO of Woolworths Foods. She had previously served as CEO of Woolworths SA until the position was canned on the ascension of Bagattini. She ran Woolies Food as MD from 2010 to 2015 and is widely credited with building the platform for the success of that division. She will be replaced by CEO of Woolworths Financial Services Sam Ngumeni.

Comment: An exemplary career, and a business that seems to be on the up.

[Business Times 17/03/24](#)

In Brief

There can be only one

Congrats this week to **Shoprite** on winning the title of News24 Company of the Year. The award was decided by scrutinising JSE-listed businesses that delivered the best shareholder returns over the medium term. "One company stood out," says Business Editor Helena Wasserman of the judging. "It has truly changed the local landscape – it revolutionised online shopping and home delivery, along with building a range of new businesses and upending traditional ways of doing things in these sectors." Next up, **Food Lover's Market** has announced that it is accepting applications for its fourth Seeds of Change Supplier Development Partnership competition from ambitious social entrepreneurs eager to become suppliers. The programme is more than just a competition for first place. "Of the top 31 finalists over the last three years, 15 small businesses have been listed," says Culture and Communication Manager Terri Coppin-Harris. Finally, mall owner Hyprop has admitted that none of the **Pick n Pay** stores in its malls will close or have asked to reduce space or pay lower rents, in contradiction to a trading statement in which it said that exposure to Pick n Pay was one of the reasons it would not be paying a dividend this year.

Comment: Opportunistic nonsense, which nevertheless capitalises on underlying concern for the fortunes of the iconic retailer.

[Tatler Reporter 20/03/24](#)

MANUFACTURERS AND SERVICE PROVIDERS

Libstar

Fungible assets

Results from Libstar, the owner of the Montagu, Goldcrest, Lancewood and Cape Herb & Spice brands, which reported a 5.2% increase in revenue to R12.3bn for the year through December 2023. Total profits for the period were R226.3m, up

from a loss in 2022, but this does include a R120m insurance payout from a fire which destroyed its Shongweni Denny mushroom farm. And the increase in revenue is attributable to price increases; volumes declined -4.8% on a slump in its retail, industrial and export divisions. So, what's the plan? The business has announced that it will be simplifying its structure, bringing seven business divisions into two units to improve returns and deliver value to shareholders. No plans to sell Denny yet, although the focus will shift to value-added foods such as mushroom sauces or canned soup rather than mushroom farming. Libstar, you will no doubt recall, listed in 2018 at an opening share price of R12.50 which has since hovered precariously around the R4 mark ever since.

Comment: Tough conditions for a mid-size manufacturer of a portfolio not heavily weighted towards the basics.

[News 24 06/03/24](#)

In Brief

That's cold

News from **Unilever** this week is that it will be unbundling its global ice cream business and – very unfortunately – cutting around 7,500 jobs globally, in a bid to save the business around €800m per year. The ice-cream business is different from the rest of Unilever, says CEO Hein Schumacher, because of its frozen supply chain, high seasonality and high capital requirements. After the unbundling, Unilever will be left with four presumably more focused divisions – beauty and wellbeing, personal care, home care and nutrition. Next up, a trading update from Lucky Star parent **Oceana**, which reports the likelihood of a +60% increase in HEPS for the six months through March, on better inventory at its US-based Daybrook fishing business and a rise in global anchovy prices as a result of the cancellation of Peru's anchovy season in an El Niño year. Finally, nice work from **Tiger Brands** and the Mamelodi Sundowns women's team, which have donated 2,600 packs of sanitary pads to over 800 Grade 6 and 7 schoolgirls. Girls in South Africa lose up to 25% of the learning year because they are unable to afford sanitary pads.

Comment: An excellent endeavour that we need more of.

[Tatler Reporter 19/03/24](#)

TRADING ENVIRONMENT

Load Shedding

It would be shocking, if there was electricity...

In the ongoing saga of incompetence and criminality that is our national electricity supply, the average South African household could be spending R480 more on their monthly electricity bills from April, or an extra R5,760 per annum. This on the +12.74% increase approved by the National Energy Regulator of South Africa (Nersa) in January, which will aptly take effect on April Fool's Day. The average family of five in the Tshwane municipality would be paying R51,600 per year, or near double what they were five years ago. By comparison, Nigerians pay 250% less for their electricity than South Africans, and Zimbabweans 97% less.

Comment: If you know of an average South African family that can afford this increase, we would very much like to meet them.

[Supermarket.co.za 06/03/24](#)

THE WEEKLY GURU

“Electricity is really just organised lightning.”

George Carlin

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