



26 November 2020

Welcome indeed to a more hopeful ambit in the global polity, with president-elect Biden in the US peopling his cabinet with adults rather than the cast and extras of Mars Attacks, and back home a meaningful stand being taken against corruption. Some great results below from SPAR, and retail trade sales, while not all that, could have been worse. Enjoy the read.

RETAILERS AND WHOLESALERS

SPAR

Green shoots

A very tidy set of results from SPAR, with turnover up +13.5% YoY to R124bn for the year through September, and operating profit up +15.6% to R3.4bn. This as the various lockdowns saw an increase in sales in high-margin categories like grocery and fresh. Here in SA, wholesale turnover grew +5.8% to R78.6bn. On the downside, prohibition caused wholesale turnover at TOPS to drop -15.8% to R6.4bn. Pharmacy wholesale was a better story, with turnover growing +3.6% to just north of a billion. Further afield, during the second half revenue rose +32.2% and operating profit +66.6% in Ireland, with Switzerland growing turnover +49.1% and operating profit a startling +316.7% in H2. The Piotr i Pawel trading brand in Poland was hard hit by the pandemic, but SPAR assures us it will break even by December 2021. Store numbers increased by 65 net new stores across the various formats, raising the total store number for the Group to a whopping 2,414.

Comment: Excellent results from a business which was well positioned to ride out a tough year – its exposure in liquor notwithstanding. For more on those number, click [here](#).

Tatler Reporter 23/11/20

Woolworths

Thought for food

A trading update from The Dapper One, which reveals that for the first 20 weeks of the FY we have no choice but to call '21, the business grew sales +3.5% YoY. And it would have been less if not for Woolworths Foods, which saw revenue increase +10.6%, or +9% on a like-store basis. This performance has prompted Woolies to allocate an extra +1.4% of net space to the food business, which we presume to be a generous allocation, and is aiming at upping this to +4% over the next three years, even as it reduces the footprint of its fashion, beauty and home departments by -1.5%. It is also looking at ways to increase the size of some of its small and medium-sized Food stores, now a pillar of the old portfolio. Over the next three years, the business will spend R750m of its R1bn allocation on price reduction in the food business – no doubt resulting in its continued growth. In Australia, in the meantime, a return to the stage 4 lockdown has seen a decline of -11.7% in sales at the embattled David Jones acquisition.

Comment: Excellent to see Woolies polishing the jewel in the crown. Its food category is, we've always said, a world beater.

News 24 19/11/20

Boxer Superstores

Local Heroes

One of the truly inspiring stories of this difficult year has been the Elangeni Green Zone, a community garden established by homeless unemployed men on a vacant plot of land behind the titular hotel on Durban's Golden Mile beachfront strip. The men broke ground on 16 June, securing permission from the eThekweni Municipality to cultivate their urban strip, and garnering great volumes of social media attention. And having sold direct to growing numbers of Durbanites, the farmers have picked up their first major client in the form of Boxer Superstores. Not only will Boxer stock their spinach, tomatoes and peppers, the retailer is also donating seedlings, drums, gumboots, food safety guideline booklets, cleaning and hygiene products. "Boxer is incredibly proud to be the first retailer to buy in bulk produce from the Elangeni Green Zone and we are committed to assisting these men with advice, further support and growth," says Deon Wessels, Boxer's Head of Department: Fresh Produce.

Comment: Not just a heart-warming story, a model for how food can be produced and jobs created around the Beloved Country and beyond.

Tatler Reporter 23/11/20

International Retailers

The joy of running

In a move whose exact purpose will no doubt emerge in the fullness of time, Walmart has acquired select assets – including the talent, technology platform and IP – of JoyRun, a peer-to-peer delivery service, kind of like Uber for restaurant delivery but the driver is your friend who was going to the restaurant anyway and wanted to know if you wanted him to pick you something up too? JoyRun has an existing network of 30,000 peer deliverers, which in itself has to be worth a bob or two to a business seeking to expand its options for home delivery. In France, Carrefour has agreed to suspend its Black Friday sales as stores selling non-essential goods remained closed during lockdown. And over

there, they call it “le Black Friday”. Finally, in the UK, Aldi are launching a premium food range – with dishes like Slow-cooked Texas BBQ Brisket, juicy Salt and Chilli Rib Rack, and Mac & Cheese with Pancetta – at half the price of Marks & Spencer’s similar offering.

Comment: The Great Shakeup rages on.

[Tatler Reporter 24/11/20](#)

MANUFACTURERS AND SERVICE PROVIDERS

Nestlé

Perky

A couple of power moves by the Swiss dairy giant on the African continent this week. First up, parent company Nestlé S.A. (not short for South Africa, btw) has further cemented its position as majority owner of Nestlé Nigeria with the purchase last week of 331,045 additional shares, worth a total of ₦463.46m, and no doubt a mark of confidence in the future of that challenging but growing economy, and sub-Saharan Africa more generally. And speaking of which, the business is going all-in on coffee in Zimbabwe, where it has signed up 2,000 growers this year, compared with 450 last year. This on the back of successful partnership with Nespresso and local coffee farmers, and the industry’s scope for recovery in that recently troubled geography. Nestlé has also recently invested US\$2.5m in a new cereal-manufacturing unit in Zimbabwe, building on a US\$40m investment there over the past decade.

Comment: Bold and positive moves, that multinational giant.

[Nairametrics 21/11/20](#), [Newsday 23/11/20](#)

Tiger Brands

Hunting season

The Tiger results this week, with the Striped One increasing revenue from ongoing operations by +4% to R29.8bn for the year through September, even as Group operating income declined -18% to R2.6bn. “The results have been disappointing,” admits CEO Noel Doyle, “reflecting the challenges faced by the company in maintaining margins in what was an already difficult consumer environment before the onset of the COVID-19 pandemic.” The litany of Tiger’s woes include the closure of non-essential facilities, increased spend on the health and safety of employees and temporary disruptions from COVID-19 infections at site level, as well as the costs of compliance with consumer and customer protection and national disaster pricing regulations. It also saw a decline in volumes in some categories and was unable to fully recover increases in the cost of raw materials. It does, however, hope to convince punters that the business still has potential for long-term growth.

Comment: One thing after another for Tiger, since the Listeriosis outbreak. They’ll bounce back though.

[Business Day 20/11/20](#)

TRADE ENVIRONMENT

Retail Trade Sales

A buyer’s market

Retail trades sales, according to the hoary sages at StatsSA, were down -2.7% YoY for the blustery month of September, compared with a revised -4.1% decline in August. This despite the Government’s best efforts to get things swinging again by allowing more economic activity. Breaking it down, our own great industry, represented on the index as “Food, beverages and tobacco in specialised stores, with men in aprons behind the counter wearing sleeve garters and pencils behind their ears” ticked up by a heartening but precarious +2.6%, while “Pharmaceuticals and medical goods, cosmetics and toiletries” declined by -4.1%. “Household furniture, appliances and equipment” grew by +7.8%, and hardware by +13%. But “All other retailers”, now, that’s the killer, -27.2% down YoY. The dear old ZAR took fright at the news that sales had dropped overall six months in a row, declining a touch to R15.40 to the dollar.

Comment: The only way is up, right? We sincerely hope so.

[Tatler Reporter 24/11/20](#)

THE WEEKLY GURU

“Show me your garden and I shall tell you what you are.”

Alfred Austin

For further information:

www.tradeintelligence.co.za | info@tradeintelligence.co.za

Editorial:

Nick Paul: nick@tradeintelligence.co.za

Advertising Sales:

info@tradeintelligence.co.za