

SUPERMARKET & RETAILER

Business knowledge for smart retailers

MARCH 2019

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Energy savvy: Tips on energy saving



Old store gets
a new life



Managing and
motivating people



Duty to stem
the chicken flood?



Beginning of the
end for plastic?



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Operating for survival and growth



The availability of electricity and its ever increasing price threatens the survival of many stores. At the same time no retailer can avoid keeping up with the rapid changes taking place in customer expectations that come from new technology, changing life styles and perceptions of health and eating.

In this issue, you'll find a mixture of articles that address both surviving and meeting the customer's new expectations. The chances that we'll see load shedding after the elections are pretty high. What's not to chance is the continued escalation in electrify costs – some 40% over the next three years.

Where refrigeration, by far the biggest user of electricity in-store, has been the first place to reduce power consumption, the continued increase in the electricity price demands that

stores look elsewhere in the store for further reduction. Out Energy Savvy feature looks into the many opportunities to screw down electricity usage around the store. Also, the prospect of continued and prolonged load shedding forces large scale cold store operators to take defensive action.

Survival and thriving also demands that all departments operate profitability. The bakery is potentially one of the biggest contributors to store net profits and can be a major customer draw. In this issue, we drill down into finding its net profit. The result may be a warning not to be deceived by its gross profit contribution. Building bakery sales and profitability needs constant management attention, using a checklist, like the one in this issue, will go a long way to achieve the desired results.

The growing consumer engagement with environmental issues has created a demand for less packaging, mainly plastic, which is often in conflict with their convenience. New Zealand supermarket group New World has developed a new way to merchandise fresh produce that combines old world produce market no plastic packaging merchandising with a stunning modern supermarket presentation that has increased sales of some items by as much as 300%! Take a look at what their 'nude' merchandising looks like.

Recent research, both locally and globally, focused on snacking (i.e., eating between meals) that has led to a new term 'macro snacking'. This is because consumers are looking beyond their traditional between meals snacks like chips, biscuits or sweets.

The research has found that this snacking phenomenon now covers a variety of new items such as smoothies, sushi or pizza slices, over and above the usual nuts, biltong or biscuits. Check the growth in the product categories affected. This should spur thought on what new items can be added to one's offer to take advantage of this trend and how and where to merchandise it to maximise macro snacking sales.

We look at the poultry war between local producers and imports, mainly from Brazil. And then take a look at how fast food franchise owner, Greg Ioannou, has transformed a Spar into a thriving Superspar.

As always, we hope that this issue of Supermarket & Retailer will both inspire and provide the insights that lead to better more profitable store operations. Enjoy the read.

Stephen Maister



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Typo

The 10 Es of Managing and Motivating people

If your people aren't on board, you may as well give up

This is the first in Supermarket & Retailer's series of articles where we share stories of what some organisations and managers have done to motivate and inspire their teams. In these, we give you practical ideas of what you can do to create the most amazing, customer-driven company in the world.



Aki Kalliatakis
Delight your customers

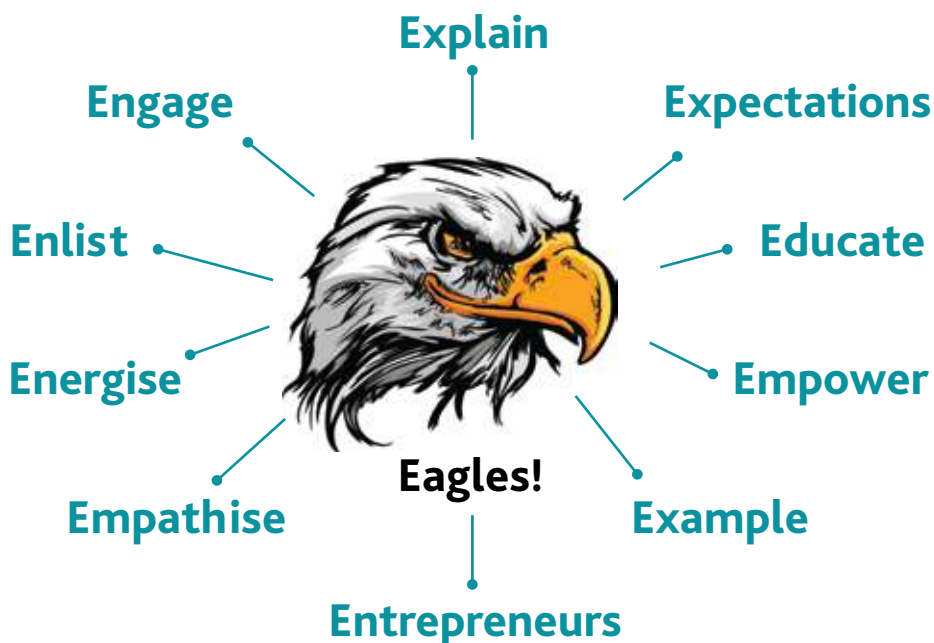
I can declare, without any possibility of being contradicted, that delighting your customers depends completely on the commitment of people on your team. You can have the most attractive premises, IT systems that are the best available, and logistical processes second to none, but if your people aren't on board, you may as well give up.

In last month's column I made the point that all of us like to feel special, unique and respected, but many routine jobs don't allow front-line people who deal with your customers to experience that. Unlike a tailor who produces a beautiful suit, there isn't much for people to feel proud that they produced.

But when you want a group of employees that is fired up with enthusiasm, where do you start? This month I want to introduce what I like to call, "The 10 Es of Managing People," and over the next few columns we'll unpack these so you'll have a practical list of how-to activities that you can implement.

Our diagram summarizes these 10 Es, and this month we will look at what it all means, and focus on the first one – **Enlisting** the right people.

First, you will notice that in the centre of the picture is the word '**Eagles!**' This is an idea that came from popular psychologist



Able **Willing** **Allowed**

Dr. Wayne Dyer in one of his books. In it he stated that there are only two kinds of people in the world – ducks and eagles. Ducks act like victims, never get things done, hang around together quacking as they moan and groan about everything in their lives. We create ducks in our businesses by demeaning people and making them feel inferior.

Eagles, on the other hand, take the initiative and soar above the crowd. In their confidence, they take full responsibility for their choices, and don't allow pettiness and power games to affect them. If you want more eagles and less ducks on your team, then it's your job as a manager to create the right environment.

That's where the three concepts at the bottom of the figure come in. Not only must people become **able and willing** to do their work, but they also need to be **allowed**.

And it all begins with hiring or **enlisting** the right people in the first place. Most of us don't have the luxury of starting to recruit everyone in our business from scratch, but there is much you can do when new positions come up. Traditionally new employees

are hired because they have the right skills, knowledge, and experience and the nebulous characteristic of the right 'attitude.' We also usually ensure that they come at the right price for the company. A couple of meaningless reference checks are possibly used, and I've also seen credit checks and examination of criminal records coming up more frequently. But it usually ends there.

Now while I have no problem with these criteria, I'd also like to suggest that you need to also look out for the new person's awareness of customer care, and their ability to deal with customers. It's not as difficult as it sounds. For example, as you are busy interacting with them, ask yourself if they are showing the right levels of empathy and warmth, of respect and communication, of openness, and so on. You may even want to test things like their innovative ability to come up with alternative solutions, their resilience in the face of difficult people, and their reluctance to get into an argument about trivial things.

But if you want to check if they have any insight or acumen into customer care, any



Ducks act like victims, never get things done, hang around together quacking as they moan and groan about everything in their lives.

awareness of how important it is, then asking one simple question will give you some clues: "How do you feel about customer service in the world today?"

If they don't immediately and unequivocally start sharing with you how frustrated they are with shoddy service when they go shopping, the alarm bells should start ringing for you. On the other hand, if they launch into an animated discussion about how poor service standards are, and how they regularly fight for their rights as customers, then that's a good sign. At least they are mindful of customer care. We know, for example, that people who are "fussy" about the service that they receive are inevitably also able to give their customers better experiences too.

Of course, that's not the only question you can ask to see how vigilant they are about customers. You can ask them to tell you about the last time they complained about something to get a better result, or you could ask them if they thought customers were just simply too difficult to please. It doesn't matter what the questions are. What matters is how you gauge their attitude.

In our business we also used another trick when we were looking to hire good people. (Although I'm not always proud of this tactic, it works particularly well.) Let's say that you notice a really customer-focused and friendly person at your bank, or at a restaurant that you go to quite often, or at another retailer. You have tested them already as a customer, and there is nothing stopping you from offering them a job at your business. It confirms the old management adage that says "You can train the skills and experience, but you can't train attitude."

What if you aren't intending to recruit new employees in the near future? What if you have to live with the group of people that currently work for your business? The message to people on your team them must be very clear. Your customers are the reason for your business. As mentioned at the beginning of this article, you can have a great location, wonderful products, and superb delivery systems, but if you don't have customers you don't have a business. You don't have to be overly dramatic: I was recently waiting to be introduced to a group of people in one company, and the CEO started off with a welcoming speech to the delegates. And then he said: "I want you all to remember something very important. It's not my job to teach you the manners that your parents should have taught you!" That certainly got their attention.

In the next of this series of articles I'd like to focus on the next three of the 10 Es, that is Engage, Explain and clarify Expectations. Until then, have a very inspiring month. **SR**

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Eskom has just announced a 13,87% increase if you are a direct user and 15,63% if you are a municipal user as from July 2019. With further price increases granted Eskom for next year and the one after, we're looking at a compound increase of around 40% over the next three years

Easy to follow tips on energy saving

Some pointers on how to take this matter beyond refrigeration

By Hippo Zourides

Energy costs are increasing dramatically. Still, there is a lot that can be done to reduce energy costs in-store.

The first place to do this is undoubtedly refrigeration as it is typically responsible for well over half of store energy usage. However, as costs rise it pays to also look elsewhere. If the rest of your expenses to run your store were to be at these levels, you might have

to close down your business. But, we have to persevere and look for ways and means to reduce our energy consumption to lower levels to minimise the damage to our balance sheet and business viability.

We researched this subject widely and this article has some pointers on how to take this matter beyond refrigeration. As you'll see, it is also important to involve your staff in the process to get the best results out of your combined efforts.

Here are areas that require your urgent attention.

Lighting

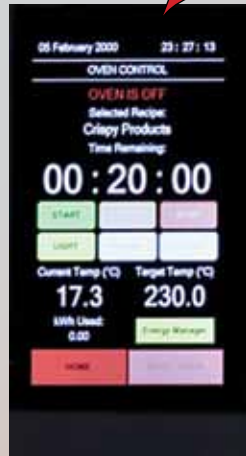
- Incandescent lights are out. If you still have old-fashioned light bulbs and/or fluorescent tubes, the time has come to spend the Capex and replace them.
- Compact Fluorescent Lights (CFL) save more than 20% energy and have eight times the life span of conventional incandescent



TOMBAKE CAN HELP YOU KEEP UP WITH TECHNOLOGY

Take advantage of the new

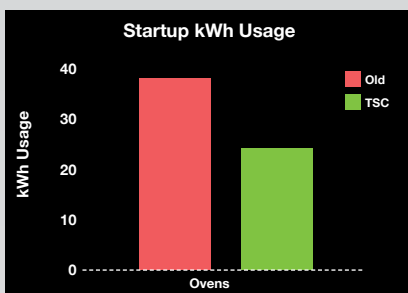
Touch Screen Control



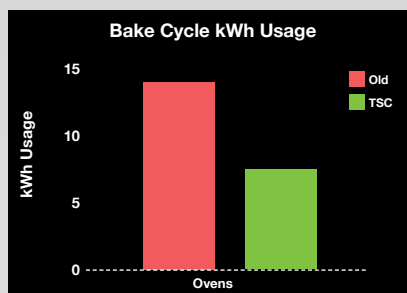
New Touch-Screen Control (with energy management) vs Old Manual Control Oven

The purpose of the case study was to compare the energy usage of the new Touch-Screen Control (TSC) oven against the old Manual Control Oven

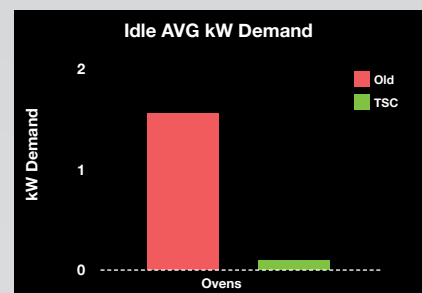
Both ovens were measured using the same Electrex GIGA Box Energy monitoring system under exactly the same situation with same temperatures, steam and baking times over a period of 2 days at the Tombake premises



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lighting (up to three years lifespan or 6 000 hours). The payback period is 10 months.

- Use T-12 fluorescents with magnetic ballasts
- Use LED where possible
- Switch off lights when not needed
- Keep clean. Not enough attention is paid to this basic requirement. The gathering of dust and dirt on tubes reduce the lighting level. Tubes should be properly cleaned at least twice a year.
- Use "occupancy cells" (cells that react to human movement) to control the switch on and off of lights in areas such as toilets, staff rooms and other small areas
- Use solar panels as renewable energy
- Involve the staff by training them to follow all of these procedures
- Check with your electricity supplier (City Power or Eskom) to see if you are paying the lowest electricity tariff for your business

Aircon, Heating and Ventilation

- Start aircon two hours before opening time and shut it down 30 minutes after closing
- Do not cool off unnecessary areas, such as store rooms, toilets, warehouses or unoccupied areas
- Service your aircon and refrigeration installations twice a year – the change of seasons requires that your service provider does a thorough check of your system and resets it for winter or summer months
- The basic service should consist of cleaning/replacing filters, checking for refrigerant leaks, lubrication of all moving parts and recalibration and fine tuning of the electronic systems
- Keep coolness or warmth indoors – use air curtains
- Wash fridges on a regular cycle
- Defrost cold rooms on a rotational basis
- Use fans where possible, such as staff rooms – they are 25% cheaper to use than aircon
- Buy new aircons that comply with EER (Energy Efficiency Rating) of 100 or higher
- Replace defrost elements with heat pumps or reverse cycle instruments
- Check door seals for cold rooms
- Clean condenser coils on a regular basis
- Place fridges 10cm away from walls to allow for circulation
- Have regular defrost cycles, do not allow ice to accumulate more than 5mm thick
- Do not exceed (or go lower) than manufacturer's prescribed temperature requirements

COST COMPARISON

Here is a relative cost comparison between some equipment

If a	Microwave	uses	1	unit of electricity
then a	Standard electric oven	will use	4,8	units of electricity
and a	Self-cleaning electric oven	will use	4,1	units of electricity
and a	Self-cleaning convection oven	will use	3,1	units of electricity



- Fridges that have anti-sweat switches – use them, On in summer and Off in winter
- Thermostats can be adjusted upwards in summer and down in winter, a 1% change in temperature results in a 5% savings

Water heating

- Insulate water heater cylinders, as well as pipes
- Drop temperature to 50/60 degrees Celsius
- Install hot water cylinders that use heat from your refrigeration plant
- Install timers that heat up the cylinder from 4am to 7am only – you will have enough hot water for the whole day
- When buying a new water heater, consider an instant water heater – it will result in 20% to 30% lower energy charges

HMR, Kitchen and Deli

- There are controllable expenses – control them as they can account for 12% of your total electricity bill
- Here is what each function in a kitchen costs you
 - Cooking 35% of costs
 - Heating and cooling 28%
 - Dishwashing 18%
 - Lighting 13%
 - Refrigeration 6%

When considering new ovens, stove tops, fryers and broilers

- Consider gas instead of electricity
- Schedule start and end switch on/off
- Stagger starting times to avoid maximum demand penalties
- Follow manufacturer's recommended pre-heating schedule – 10 to 15 minutes should suffice
- Check oven door seals regularly
- Do not open door of oven while cooking – there will be a minimum of 20% loss of heat
- Use the oven timer

- Keep ovens clean from food particles especially around the door
- Switch off equipment a few minutes before the end of the cooking process
- Use an oven thermometer to check temperature
- Ceramic and glass pans use 14% less energy than metal pans
- Keep all equipment spotlessly clean
- Use pressure cookers – they use 25% less energy and cook faster
- Use flat-bottomed cookware
- Induction stove tops that use magnetic fields heat faster and are 8% more efficient than conventional electric stove tops
- Burners – select the correct size equipment for the correct burner ring
- Install aerators to the taps in the kitchen or low-flow valves – results in up to 50% water saving
- Keep extractor fans clean (do it at least twice a year)
- Fryers – do not keep on when not required
 - Start 7 to 15 minutes before use
 - Remove sediment, change oil regularly
 - Clean heating elements
 - Use a thermometer to check cooking temperatures – chips vs. deep fried chicken strips require different temperature settings

ELECTRICITY PRICE INCREASES ARE A FACT



The reduction thereof requires a great deal of effort on your part. Do not neglect this!

The natural evolution of connected efficiency



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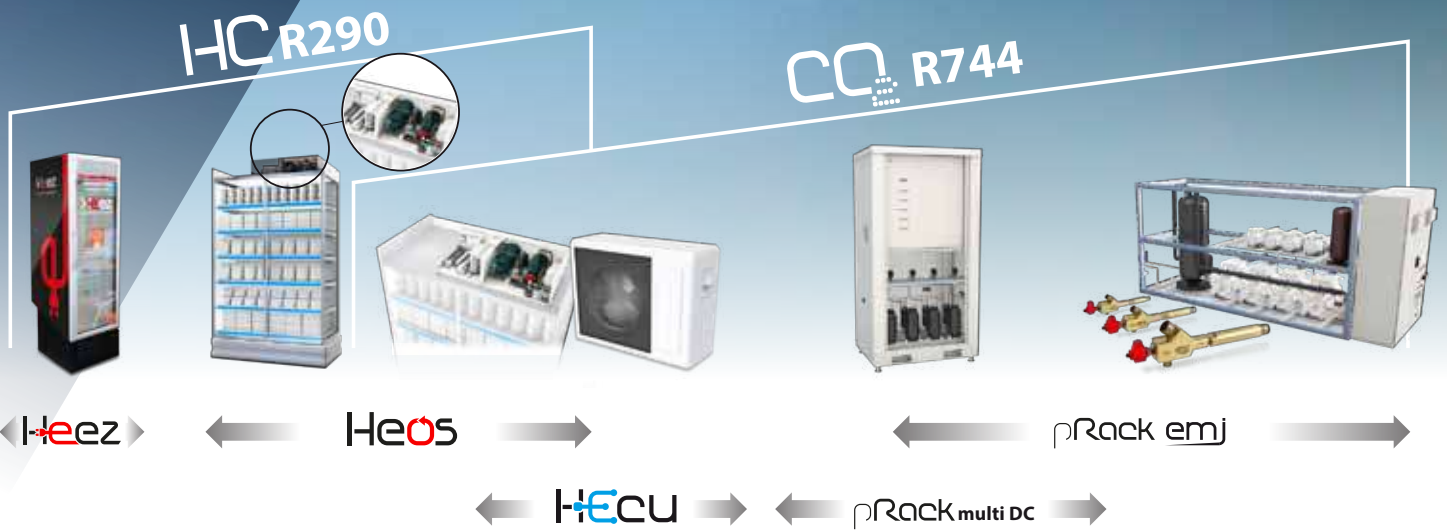
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Connected Efficiency

Cold stores and load shedding

Operations have to stop for the duration and cold store doors kept closed. Stock can be neither received nor dispatched

While South Africa's situation is not as serious as Venezuela's, outages are likely to continue for the foreseeable future. If union threats materialise to prevent ESKOM's break up, this prognosis could deteriorate.

The recent and continuing load shedding must be extremely frustrating for cold store owners. So says James Cunningham of Barpro an expert in cold store operations.

Available information suggests that while the situation is not as serious as Venezuela's, it is likely to continue for the foreseeable future. If union threats materialise to prevent ESKOM's break up, this prognosis could deteriorate.

At the moment the outages are approximately two hours in length. But every time they happen, bigger refrigeration plants may require a manual start up if they are not set up correctly especially if they have variable frequency drives. The VFD drives or

the electronic controllers often trip when there is a voltage spike when the power is switched on. Christo van der Merwe of service provider MRE recently said that their service department had gone crazy assisting clients to restart their refrigeration plants but this has normalised as the plant operators learn to manage the start ups. While smaller Freon systems can start themselves, bigger plants need experience to get them going. One customer lost five fan motors in a recent outage.

In the cold store itself, power outages are chaotic. With no lights, dock loaders, computer systems, door opening devices and static mobile racking, operations have to stop for the duration and cold store doors kept closed. Stock can be neither received nor dispatched.

Here there are two options. Either buy or rent a generator which will power your complete plant, with automatic switching, or go for one which is sufficient to run the operational equipment with automatic switching during working hours only.

A big commercial cold store, say 8000 frozen pallets plus, could need 1000 KVA. Suitable generators will cost around R2m,

although 2x 500 KVAs can be synchronized to run in parallel. Here there is a saving on capital cost and one set can be switched off at times of low demand. If a set is down for maintenance you still have the other, and spares are generally easier to come by for the smaller sets.

Another cost is diesel usage which, for a 1000 KVA genset on full load, can run at 200 litres per hour. Then space must also be found as close as possible to the main breakers. While a 1000 KVA set can fit in a six meter container sound attenuation requires a twelve meter, excluding the fuel tank. Exhaust pipe arrangements can be considerable and sufficient space must be left around the generator to allow for sufficient air flow.

The alternative is a smaller generator set which has sufficient capacity to power equipment necessary to continue operations. A 125 KVA machine will cost just over R300 000 and use about 25 litres per hour at full power. Sizing a generator requires a survey of the equipment required to operate. LED lighting requires less power than high pressure sodium fittings but possibly more than mobile racks where the motors are heavily geared. Electric chargers for forklifts are big users and should be considered for exclusion. All computer equipment should be isolated by means of a UPS. With a fuel tank in the sub frame and sound attenuated canopies, smaller generators have advantages.

Although the 'high' prices can be off putting, when the actual costs and frustration caused by frequent power outages are calculated at least a smaller generator set can look increasingly attractive.

Freezer stores, especially with mobile racking, keep temperature better in power outages than say those with fixed selective racking. The concentration of product is relatively high and there is less cold air to flow out when the door is open. But entrances must be kept closed by means of high speed doors and consideration should be given to air driers to stop moisture from ending up as ice on the cold room floor. If this happens with mobile racks the mobiles will slip and the rails must be cleaned with a wire brush.



A 1 000 KVA generator set runs at around 200 litres of diesel an hour.

A 2 x 500 KVA set up has a number of advantages.



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Electricity in South Africa – Crisis or Opportunity?

A structured approach to investing in in-store-energy saving technology and renewables

This article and case history show how many of the strategies in our Energy Saving Tips, starting on page 4, can be accurately measured and costed and prioritised based on ROI and other considerations in a structured energy saving plan. Presented by Tim Whitaker of energy management consultancy IDM Solutions. He can be contacted at tim@idmsolutions.co.za

Prior to our current electricity crisis, South Africa had been blessed with an abundance of cheap electricity. As electricity costs were minimal, facilities were often not designed with energy efficient technologies. Electricity now accounts for the third largest cost in supermarkets, after real estate and employee costs. This is primarily driven by the refrigeration system, which uses around 50% of the electricity in an average store. Supermarkets have thin margins, making cost savings an important contributor to profitability. They are scrambling to reduce costs – and energy is a huge opportunity.

The rapid decrease in renewable energy technology costs, such as solar photovoltaics, coupled with rapidly increasing electricity tariffs and more efficient technologies, are creating unique business opportunities for retailers. These changes in energy demand, technology and regulation are bringing about a new energy economy. Energy consumers will need to become more sophisticated and informed about the toolsets available if they want to take advantage of this industry shift and keep pace with their leading competitors.

As the market rapidly transitions to the new energy economy where energy consumers become proactive energy users (prosumers), efficient technology replacement can offer great financial returns. Retail decision makers will need to deploy the technologies best designed to take advantage of a fast changing energy landscape if they hope to remain competitive and resilient. Commercial and industrial consumers have more tools than ever to respond to these dramatic changes in energy pricing.

An example of such a tool is an Energy Management Information System (EMIS). EMIS is a fancy term for a system to collate all energy related data from the portfolio of facilities into a single database. This centralised database of energy related data is a vital tool to gain insight into energy usage and is often overlooked in most retail facilities. Energy costs are often recorded through the financial system, and non-financial energy data is not collated. Through the analysis of the energy data, accurate benchmarking can be done, as well as feasibility studies conducted that substantially reduce both performance and financial risk. An accurate baseline can be created

per facility and updated monthly to track and monitor monthly energy consumption and costs.

Through the implementation of low-cost energy sub-meters, there is greater visibility and control over energy consumption in the different sections of e-store, eg. refrigeration, lights, bakery and kitchens, leading to improved cost control and accurate feasibility studies for investing in and determining the ROI for each of them in more efficient technology. The business case for replacing inefficient technologies with new equipment requires careful analysis of not only the purchase price, but rather the life cycle costing of the various technologies.

As renewable energy technology costs drop and energy costs rise, at some point this structured approach will advise on the benefits of investing in renewables.

This data-centric approach to decision making regarding energy issues has proved to be an extremely cost-effective solution and has been successfully demonstrated in the case study below.

Western Gruppe, an East London based holding company with a diverse range of entities specialising in fast moving consumer goods (FMCG) has 14 retail and 15 liquor outlets, as well as warehousing, distribution, import and export divisions and a fleet of vehicles.

In 2015, with electricity prices rising and load shedding increasing, the company contracted Integrated Data Management (IDM) Solutions to conduct energy audits across all of its SPAR facilities.

One of the key insights gained from the audit was the need to establish a formal energy management system. Firstly, an Energy Management Information System (EMIS) was created to collate all energy-related data. An annual energy baseline was created for each facility, which included electricity, paraffin, and diesel usage. A monthly feedback loop to management was implemented to allow for the monitoring and reporting of monthly energy KPI's. Various energy savings opportunities were identified in the audits, and consequently quantified, costed and qualified using RETScreen Clean Energy Management software. Proof of concept installations were trialed, and the results monitored on a monthly basis.

The annual energy spend over the group for the 2015/2016 year was R17 400 000, with an average annual energy intensity per store of 1 259 000 kWh.

Several energy saving interventions have been implemented including an Energy Management System installation, capacity building through staff training, efficient luminaire replacement, Power Factor Correction, Voltage optimisation, and Solar Cool Technology. The group used both Energy Performance Contracting (through an Energy services company) and their own resources to fund the energy saving opportunities.

All interventions have been subject to a vigorous Measurement and Verification study by IDM Solutions, as per the International Performance Measurement & Verification Protocol. This allowed for accurate estimates of the avoided energy usage and associated energy costs.

The group achieved an annual energy saving of 7,6% in 2017, and 11,9 % in 2018. Currently YTD figures for 2019 show an 18,8% energy saving. This resulted in a total cumulative electricity cost saving of R5 000 000 to date.

This avoided energy use resulted in emission savings of 3 354 Tonnes CO₂ equivalent.

Further energy saving interventions are in the pipeline, as well as the installation of photovoltaic panels. **SR**

Salvis Combi Steam Ovens demonstrate huge energy savings at the Durban ICC

When Culinary Equipment Company took on the project to equip Durban ICC, Africa's Leading Conference Centre, with state of the art Salvis Combi Steam Ovens, it would prove that no kitchen project is too big for the premium kitchen and catering supplier. The kitchen facilities are now installed with 45 Salvis combi steam ovens – 20 pan GN 1/1, presumably the largest such installation of ovens in Africa.

This new installation equips the DICC to serve 7 000 guests in just 10 minutes – a world class feat! Moreover the ovens support HACCP and ISO 22000 standards compliance. Each touch screen oven is programmed with the convention centre's own recipes and a smartweb system to enable downloading of HACCP data to the chef's office.

The Salvis Combi Steam Oven is also what most would call a 'South African kitchen essential' for its energy-saving technology:

- A motor reducing energy consumption by up to 65% from start to heating phase
- Counter-current heat exchanger reducing energy costs by up to 30%
- Vapour condensation reducing water consumption by up to 80%
- Switches to energy saving mode after 15 minutes of inactivity



DICC executive chef, John Moatshe, was very pleased with the success of the project, stating that the DICC was both happy with sales service and the ongoing after-sales service contract with Culinary.

"It's been a marathon and truly a prestigious accomplishment as a result of the monumental efforts from all parties involved." said Culinary Equipment Company MD, Stefan Gutstadt.

About Culinary Equipment Company

Culinary Equipment Company is South Africa's leading supplier of premium catering equipment with national representation. With hundreds of projects completed and exclusively representing over 80 world-class brands, it has developed the best practices and expertise in the culinary field: kitchen design, equipment installation, training and maintenance.

For more information, please contact:

Phone: **+27 (0) 11 701 2200**

Email: **info@culinary.co.za**

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Culinary
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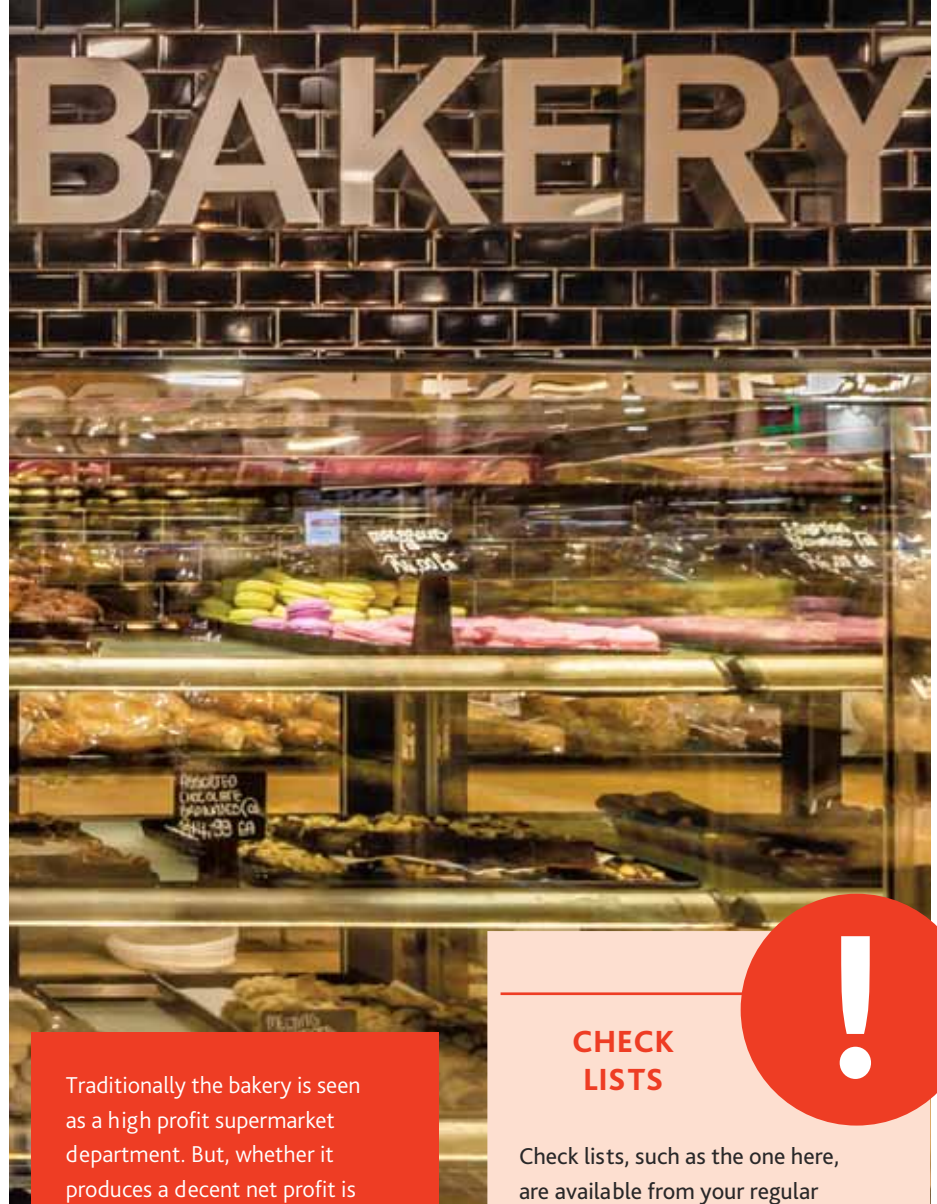
How are you managing your bakery?

Reality sinks in when the retailer analyses the wastage and net profit results.

Most supermarkets in South Africa are equipped with bakeries, which have become a centre of attraction for the store's clientele both from a visual as well as a sensory perspective. Consumers are often tempted to 'buy up' from basic bread by attractive displays of speciality breads, scrumptious small goods and delicious cakes and savouries. Nothing beats the aroma of freshly baked bread as it comes out of the oven.

Retailers get carried away when analysing their bakery profit and store contribution ratio. The mind boggles with figures such as 45/48% in gross margin (after a proper stock take process) and 6/10% store contribution (very achievable in many independent stores). The first calculation often shows that the bakery is the biggest contributor to store profitability, yielding as much as 20% of the store's overall gross margin.

But the reality sinks in when the retailer analyses the wastage and net profit results. Many retailers do not record their wastage, both during the production process as well as at the end of the day, when expired products are either marked down or destroyed. Some bakery staff do not follow the prescribed procedure as dictated by store management, as the end result can make the bakery



Traditionally the bakery is seen as a high profit supermarket department. But, whether it produces a decent net profit is debatable. This article is geared to assist you in responding to this question with authority and certainty.

production and sales staff look inefficient.

Wastage can range from 5% of sales to a much higher figure and this must be taken into account when measuring the profitability of a store.

The net profit reading though is the crux of the matter. Detailed analysis is required, such as manpower costs, rent for the space utilised, a depreciation number for the equipment used in the bakery, some reading of the power utilisation, as well as consumables such as packaging and cleaning materials, the costs of repairs and maintenance and all costs relating to the running of a bakery. Your accountant/financial manager must be included in the securing of these numbers in order to establish the true costs of running your bakery.

The end result will then be either a net profit or a net loss. This figure can then be compared to the gross profit number (for example, 20%

CHECK LISTS

Check lists, such as the one here, are available from your regular bakery goods supplier and we highly recommend that these are used to help you start the process of understanding your bakery better.

Retailers are encouraged to continuously use checklists and rate their answers from 1 (not at all) to 5 (average outcome) to 10 (Excellent).

The outcome will not only be a high margin but a decent net profit as well.

of store gross profit) or it can be surprising (for example, 5% of net profit).

So, the question then arises, "How can I ensure that my gross profitability is reflected in my net profit figure?"

The answer is, "Continuous monitoring of the department is the only way to achieve a positive financial result".

Start a process that checks all aspects of your bakery, ranging from the production line to the sales team, the pricing, wastage and shrinkage.

A checklist for a better bakery

	YES	NO
Is bread fresh and desirable looking?		
Is there packaged sliced bread available for the consumer?		
Are bread rolls fresh and desirable looking?		
Have bread and soft rolls been properly wrapped after cooling to 350 C?		
Is there an adequate range of confectionery on offer and is product desirable looking?		
Are confectionery cabinets and trays clean?		
Are chrome or wooden display trolleys clean?		
Are baked products packed in the appropriate packaging?		
Are all products correctly merchandised?		
Are all products clearly labelled with the correct description?		
Are all products clearly labelled with the correct price?		
Do merchandised products have an expiry date?		
Is point of sale being used?		
Is there cross merchandising? (dough, garlic breads etc.)		
Is manufactured stock being rotated?		
Is the turnover of lines in the cabinet steady i.e. no slow movers or *cabinet fillers?		
Does the bakery use a waste control book?		
Is the waste less than 5% of the product produced?		
Are there enough savoury lines on offer? (besides pies i.e. pizza, vetkoek etc.)		
Are there any products on display that cater for the following: vegetarians, diabetics and coeliac sufferers?		
Is pie warmer temperature correct? (700 C)		
Is pie warmer free of crumbs?		
Is bread slicer clean and free of crumbs?		
Are bakery sales staff able to communicate to customers what ingredients a product is made of?		
Are bakery sales staff able to tell customers what a product tastes like?		
Are there sufficient wet demos available or enough promotional activity?		
Do the sale staff make use of an order book?		
Are sales staff correctly dressed?		
Do sales staff have name badges?		
Do sales staff communicate with production staff and management?		
TOTALS		



Confectionery

- New products are including reduction in sugar and some vegetarian options, and more "bite-size" products emerge.
- Brands with high market share appear to be dominating the category
- Signs are emerging for sustainability and Fairtrade in the development of new line items
- In Asia, limited edition launches are very successful

Ready meals

- The major trends for new items include flavourful, healthier and vegetarian options
- Most new options are available in North America, Europe and Asia
- New private label product development dominates the growth of this segment
- High in/source of protein products are starting to get traction
- Traditional flavours are now joined by ethnic and vegetarian options

Savoury snacks

- Diversification and the launch of premium products are two of the main trends, while experimentation into different flavours is also taking place
- Ethical packaging and health claims are also trending
- Various options of salt and other condiments are included in the new trends

Soft drinks

- Innovation is led by products with less sugar, premium positioning, which also includes craft products
- Multinational suppliers dominate this market
- Clean labels prevail – no additives, no preservatives, organic and GMO-free
- 'No added sugar' is fast becoming a common term

Source: Food Ingredients magazine, December 2018

We look at Walmart's plans to add more technology to its stores and its efforts to build a dedicated ecosystem.

How Walmart's adding to its in-store technology ecosystem



300 Auto-S shelf scanners

The retailer has also been using robotic scanners in-store to monitor product availability and planogram compliance. These scanners help identify where stock levels are low, prices are incorrect, or labels are missing. In addition, the scanners provide a real-time view of inventory in the store. The information is used to direct associates to the areas of the store that need the most attention. Using machine learning capabilities, the scanner can scan dozens of aisles in under an hour. This information is integrated into a workforce app which provides associates with detailed information on the tasks to be completed. The retailer plans to add a further 300 scanners to its stores.



1 200 FAST Unloaders

Linked to this, Walmart has been testing a new system in backrooms, the FAST Unloader. This automatically scans and sorts items which are delivered to stores based on priority and department, allowing associates to spend less time unloading trucks in the backroom and more time on the sales floor. When combined with data from the shelf scanner, the retailer can move relevant inventory from the back room to the sales floor more quickly; out-of-stocks are sorted by the machine for prioritisation. Trucks are unloaded in two hours or less, using four people, compared to requiring eight people previously. Walmart plans on rolling-out the FAST Unloader to 1 200 additional stores.



1 500 Auto-C autonomous floor cleaners

The retailer has also introduced autonomous floor cleaners. Each cleaner is programmed to travel across the store, polishing the floor. This helps to maintain a cleaner experience for its customers while also freeing up its associates. A further 1 500 floor cleaners will be deployed across its network adding to around 400 units which are currently operational.

900 new Pickup Towers
Walmart has been one of the leaders in the US retail sector in terms of deploying new technologies in-store to either improve the shopping experience or to simplify ways of working. Many of its customer-facing technologies have been focused on its ecommerce operations, with the goal of making the store pickup process as fast and convenient as possible. Pickup Towers have been a central element, enabling customers to retrieve their orders within seconds of entering a store. With over 700 currently in place, the retailer plans to add a further 900 to the network.



Brazilian chicken producers are running scared

Brazil must be really worried that higher duties are about to halt the flood of chicken imports that are harming the South African chicken industry, its workers and surrounding communities.

In the last few days, three Brazilian officials have similarly worded comments in different South African publications. They attack the application by the SA Poultry Association (SAPA) for higher tariffs on Brazilian chicken and deny that Brazil dumps its product in South Africa.

Brazilian producers accuse the local industry of lies, slander and disinformation. They profess nothing but love for this country and its consumers.

This concerted Brazilian response is interesting, because the tariff application does not specify Brazil, nor does it accuse Brazil of dumping chicken (although the local industry and FairPlay believe it probably does). The application is on behalf of Southern African Customs Union (SACU) countries and seeks higher tariffs on chicken imports from non-EU trade groups. One of these groups, South America's Mercosur, happens to include Brazil.

Extensive reasons, including a surge of imports and harm done to the local industry and its jobs, are given for the application to increase tariffs to 82% on bone-in portions (currently 12%) and boneless cuts (currently 37%). The application, relating to these two categories only and not to all chicken imports, is being considered by South Africa's International Trade Administration Commission (ITAC).

Brazil has reacted fiercely to the application. In January, the Brazilian Animal Protein Association warned that South African consumers would pay for higher tariffs; this month the Association changed its tune and said the tariffs would halt Brazilian imports "as it will render most imports unfeasible."



They accuse local industry of lies, slander and disinformation

By Francois Baird
Founder of FairPlay

This is clearly the real fear – a halt to what has become a rapidly increasing flood of Brazilian chicken imports, particularly in the last two years after bird flu bans stopped most European Union exports. Brazilian producers have more than filled the gap left by the absence of EU chicken, ensuring that 2018 was another record year for chicken imports, to the despair of the local industry

which has been appealing for tariff protection. Brazil now supplies more than 60% of South Africa's chicken imports.

Brazil and the EU have targeted the South African market for the same reason. Their producers make their profits from selling chicken breast meat at premium prices in northern hemisphere markets. This leaves them with huge surpluses of 'dark meat' – mainly leg quarters – which they freeze and sell off in bulk at any price they can get.

These discarded cuts are popular in South Africa, and years of little or no tariff protection made this country an easy target. EU producers had it easiest of all because they were guaranteed duty-free entry to the South African market in terms of an economic partnership agreement with the EU. Now South Africa has secured a 35% safeguard duty against EU chicken imports, which will soon resume as bird flu bans are lifted, and is seeking even higher tariffs against other countries.

Protectionism, screams Brazil, echoing earlier EU accusations. The fact is that these applications are made in terms of international trade law, which allows for duties to protect local industries against sudden import surges which harm local producers. Brazil and the EU fit into both categories.

Dumping is a separate issue. While EU producers clearly dump chicken in South Africa – EU production costs are up to 20% more expensive, and the only way it can export to South Africa is to sell below cost – Brazil says its low-cost chicken producers are simply more efficient than anyone else.

This is partly true. Brazil has a huge meat industry, which benefits from economies of scale built up by years of agricultural and other subsidies. It has become a major chicken and beef exporter.

This doesn't let it off dumping accusations. In 2012 – years before the latest surge – South

Africa twice sought anti-dumping duties against Brazilian chicken. The applications were based on sound evidence of dumping.

Brazil claims falsely that the World Trade Organisation panel cleared them of the dumping charge. What really happened is that Brazil and South Africa agreed that South Africa would not pursue the application in return for Most Favoured Nation (MFN) tariffs on Brazilian chicken. These are the tariffs the SACU application seeks to increase.

Given the deliberate targeting of South Africa with a surge of exports, it is time for another investigation into Brazilian dumping. Despite its vaunted efficiencies, is Brazil selling chicken to South Africa below the real cost of production, or below their price in Brazil?

It will also be interesting to see the Brazilian response to suggestions that it is engaging in predatory pricing – selling chicken to South Africa at prices way below what it charges other countries in order to secure a market position here.

South Africa has not been the only victim of this targeted assault from Brazilian chicken producers. Uganda and Namibia are amount African countries which have reported the devastating effect of Brazilian chicken imports.



“ Brazil has a huge meat industry, which benefits from economies of scale built up by years of agricultural and other subsidies. It has become a major chicken and beef exporter. ”

Brazil has good reason to be concerned at the continued doubts about the safety of Brazilian chicken. The way to address this concern is not to attack the accusers, but to prove to the satisfaction of independent experts and SA authorities that Brazilian chicken is safe, and free of contamination by salmonella and other bacteria. Brazil's food safety scandals, and continuing incidences of contamination, do not engender trust.

No amount of blustering will convince the world that Brazil has overcome its food safety problems, which included fraud and bribery to evade health checks. It will have to prove that it has done so – such is the level of distrust that the EU is demanding that Brazilian chicken be free of salmonella for a continuous six months before it will allow a resumption of imports from suspect suppliers.

This is why FairPlay, supports the calls for a ban in Brazilian imports until they can prove their products are safe. South African consumers deserve nothing less. They should also brace for howls of anguish, and another Brazilian campaign of half-truths and disinformation, if the application for higher tariffs on Brazilian chicken is approved. After all, if your argument weakens, shout like hell... **SR**

www.fairplaymovement.org



mpact

Plastic Containers helped the chicken cross the road



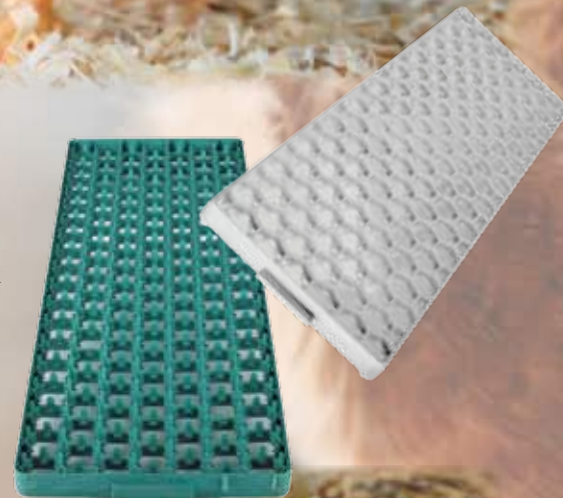
Some may argue that cage-free chicks and eggs are a better option in comparison to caged chicks.

Did you know that growing eggs and chicks in a controlled growth environment not only reduces the chick mortality and injury rate, but also increase profits?

When chicks are free to roam around, the risk of injury is higher. Newly mobile chicks easily bump into solid structures. Hens with injuries produce less eggs compared to hens without injuries.

Mpact Plastic Containers has introduced four plastic poultry products, suited to the egg and chick production process. These four products ensure that high quality chicks hatch from high quality eggs. Ensuring that the chick hatching process is controlled also allow for healthier chicks. Chicks are fed with optimal amounts of calcium and water which result in a healthier growth process.

Mpact Plastic Containers offer two types of Egg Setter Trays: 126 Hole Egg Setter Tray and 132 Hole Egg Setter Tray. Apart from the number of holes on each Egg Setter Tray, the difference between the trays is the 132 Hole Tray's ability to hold smaller eggs.



Egg Setter Trays

Eggs are collected from the laying farms and are placed onto the Egg Setter Trays. The eggs are taken to the hatchery where they are graded. They are then moved into a cold room where they are stored at 18°C. Thereafter, they are pre-heated for 12 hours at 18-30°C. They are then moved to the incubator and are left at 37.5°C for 18 days. At 19 days the eggs are removed from the incubator, and are transferred to the Hatching Crate. The Egg Setter Trays are washed after use.



Hatching Crate

Once 19 days has been reached, the eggs are transferred into the Hatching Crate. They are placed in the hatcher for 3 days, and the temperature is controlled. The Hatching Crates are washed and reused.



Chick Crate

The chicks are transferred manually from the Hatching Crate to the Chick Crate. They are graded, vaccinated and counted. Approximately 80-100 chicks are loaded per Chick Crate. They are then delivered to the broiler farm where they are off-loaded and the crates are brought back to the hatchery. The Chick Crates are washed and reused.



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Curry Chicken and Rice

INGREDIENTS

2-3 Tbsp (30-45ml) curry powder
2 tbsp canola oil
1 onion, chopped
1 ½ cup chicken stock
3 tomatoes, seeded and chopped
8 chicken drumsticks (Goldi, County Fair, Festive or Mountain Valley)
2 tsp cream of chicken soup powder
Salt and pepper
Yellow rice
300g long grain rice
50g raisins
1 tsp turmeric
1 cinnamon stick


METHOD

1. Mix all the spice ingredients together. In a pot over medium heat add oil sauté the onion until soft.
2. Add the spice blend cook until fragrant. Pour in stock and tomatoes and bring to a boil, then reduce heat to simmer for 5 minutes.
3. Use a stick blender to create a smooth sauce. Add the chicken pieces and simmer for 15 minutes.
4. Mix the soup powder with water and stir into the chicken pot. Simmer for 5 minutes more or until thickened. Season and serve with yellow rice.
5. For the rice put all in a pot with 2 cups of water bring to a boil, reduce heat and cover for 10 minutes.
6. Fluff with a fork and serve.



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TRY OUR CUT ABOVE CHICKEN CURRY RECIPE

It's a hot dinner winner

INGREDIENTS

4 x Chicken thighs • 2 x tbsls Olive oil • Salt and pepper • 1 Tin coconut cream • 1 Red pepper

CURRY PASTE

1 x Medium onion chopped
1 x Clove garlic
½ inch Ginger
1 x Hot Chilli
1 tsp Fish sauce
1 tbsls Turmeric
1 tbsls Olive oil
Juice of 1 lime
Small bunch coriander

SAMBALS

2 Tomatoes, diced
½ Small red onion, diced
Coriander leaves, chopped
Juice of 1 lime
Salt and pepper

GARNISH

Coriander
Spring onion
Salt and pepper
Tomato and onion sambal served
on top of curry or in a small
bowl on side

MAKE CURRY PASTE

Add all ingredients to blender
and blitz to a paste

METHOD

Remove skin from chicken thighs and season with salt and pepper. In a heavy based pan, add 2 tbsls olive oil and brown chicken evenly. Add a small bunch of coriander. Pour in cream and add 2 – 3 tbsls curry paste. Season with salt and pepper. Cook for 15 – 20 min.

MOVE TO PLATE

Garnish with fresh coriander.
Serve with cooked basmati rice and
prepared tomato and onion sambal.

South African corporate news



- **Fresh Stop**, the convenience store division of Food Lovers, has recently launched its 300th store in South Africa. The partnership with Chevron (Caltex) started 10 years ago and the group believes that there is potential for a further 100 stores.

- **Pick n Pay** has recognised the contribution of small producers of local products by creating a 'Meet the Maker' section, as a trial in some of their stores. In this space, local supplier product ranges are on display and the consumer can choose to 'buy local'. Customers will be able to read about each entrepreneur behind the respective brands being showcased in a leaflet made available in-store. Pick n Pay's Enterprise Development Programme was started in 2010 and now supports over 100 local entrepreneurs outlets with their products.

- **Verigreen**, a plastic manufacturing and recycling company, has been awarded a multimillion-rand contract to supply 25 different products under the Shoprite Group's Ritebrand and Housebrand labels. Owned by husband and wife team Mike and Thina Maziya and established in 2001, Verigreen has been manufacturing a range of drawstring refuse bags since 2012 and has expanded its range to include cooking, baking, freezing and food protection products.

A unique feature of their products is that the raw material is provided by a group of Supa Mamas, which is also the name of their flagship brand available in Shoprite and Checkers supermarkets nationally. The Supa Mamas annually supply Verigreen with 360 tons of clean plastic waste, which is then recycled to manufacture their refuse bag products.

- Two SA retailers, **Supersave Food Town Hyper** in Pietermaritzburg and **Take n Pay Food Town Hyper** in Chatsworth, were recognised at the 2019 IGA International Retailers of the Year awards, scooping the title of International Retailer of the Year (South Africa). The awards – held in San Diego, California last month – acknowledge retail excellence based on a selection of globally recognised criteria, including outstanding housekeeping, first-rate service levels, high standards of service departments, consistent pricing and community involvement. The event saw nominees from all over the world come together to celebrate independent retailing.

- **Massmart** announced their annual results to December 2018 and although sales were up by 2,9% (reaching R91 billion) the trading profit was down to R2,1 billion, a 16,8% drop on the previous year. The local stressful

trading conditions played a big role in the final results, but the depreciation of various African currencies vs. the US dollar had a large effect on their earnings. Angola was the biggest culprit with an 85% depreciation of the Kwana.

- **Shoprite** also announced their annual results. The picture is not as good as in the past, as the group has not only encountered tough trading conditions in South Africa, but also its business outside our borders has had major challenges, such as the depreciation of the local currencies vs. the US dollar. Although sales for the last 6 months showed no growth for the period (R 75,8 billion), the trading profit of R3,3 billion was down 19% compared to the same period last year. A prolonged strike at its Centurion DC and a delayed implementation of its SAP system were also factors that affected the results. **SR**



At aQuellé, joy has a new look

In celebration of 20 years, aQuellé has refreshed their logo and packaging. The new labels are making a splash in stores across South Africa and consumers can enjoy the taste they have learned to love, now with a refreshed new look.

The aQuellé range includes Still Natural Spring Water is available in 500ml, 750ml, 1.5L and 5L bottles and Sparkling Natural Spring Water in 500ml and 1.5L.

With 10 authentic Flavoured Sparkling Drinks, including the recent addition of three flavours from our Limited Edition competition – Watermelon, Granadilla and Apple – there is a flavour to suit every taste and lifestyle.

Sales Contacts: Phone 032-481-5005
Email: sales@aquelle.co.za

Before you get into this article, I'd like you to consider this? What day is it? Are you warm or cold? Is it morning? Afternoon? Or evening? Have you had a hectic day so far or are you taking it nice and easy? And out of interest, why did you put on that outfit today? Are you tired? Looking forward to something or worried about that other thing?

The thing is, you have considered all of this already, without really realising it.

You have experienced two different systems of thinking that we all apply daily as our brains receive and experience information. According to the psychologist Daniel Kahneman, these two systems are known as System I and System II thinking.

These are two distinct modes of decision making: System I is an automatic, fast and often unconscious way of thinking. It is autonomous and efficient, requiring little energy or attention, but is prone to biases and systematic errors. System II is an effortful, slow and controlled way of thinking.

(System I is involuntary; System II is calculating)

Did you know that the average amount of remotely conscious decisions an adult makes each day equals about 35 000!

You will have switched between these two systems as you got ready for work this morning and chose what to wear and which way to go to work. It also means that later in the day when you are more tired mentally and physically, your decision-making ability or capacity will be different to that of the morning.

The above is particularly important to understand when considering the shopper decision-making processes and subsequent behaviour.

Consider the impact of understanding the following factors at play in the shoppers' decision-making process to purchase:

At the moment you enter a shop and are faced with a myriad of options, you are in a particular frame of mind, you are identifying a specific, or even many needs and simultaneously generating perceptions about the products you are considering. System I and II thinking modes are in super-drive as you subconsciously assess all that is going on within and around you as you attempt to make the best decision possible to subdue the nudges you are feeling driven by your needs.

Factors which influence shopper behaviour and decision making in the moment:



Mind(set)

A glimpse into Mind(set) and meeting the South African shopper in the moment

By Lara-Anne Derbyshire
Brand Strategist, Boomtown

Mindset based on:

- Psychological (mood, motivations, perceptions, learning, beliefs and attitudes, etc.)
- Cognitive (insight, awareness, mental capacity, etc.)
- Physical (persons physical reality, i.e. their body shape, the colour of their kitchen, etc.)
- Contextual (life events, the weather, the current situation, etc.)

Needs that are either:

- Tangible (the need for softer skin)
- Intangible (the need to feel more awake and energised)

While the product is a tangible solution, the initial need may not be as noticeable.

Perception of:

- Value (based on the above does this rank as highly valuable to me in meeting my need and can I quantify this value based on the asking price?)
- Risk (do I feel confident that if I make this purchase, it will satisfy my need? Or will I perhaps be disappointed? I can't afford to get the wrong thing)

In a country where money is extremely tight for most shoppers, perceived risk and value is often top of mind when deciding to purchase a product.

How then can we apply this understanding to the unique South African shoppers mindset and purchase behaviour in the design of our shopper marketing strategies?

- Understand the context of the South African shopper within a particular target audience thoroughly (immerse and experience)
- Analyse their mindset
- Assess their rational and emotional needs (our product answers these needs)
- Map out their path to purchase
- Walk through their decision-making process
- Meet them in the moment of truth (the 3-7 seconds after a shopper first encounters your product)

While the article serves only as a mere glimpse into this fascinating topic, I do hope that it has piqued your interest and curiosity as to how we as South African marketers can apply the above as a guide to digging deeper into the South African shoppers' mind by gaining more profound, relevant insights into their thinking and behaviour.

As marketers, we can:

- Better understand the South African shoppers' mindset
- To answer to a relevant need
- That can help guide and inform shoppers perception in the decision-making process.

If we do this successfully, we are then able to:

- Influence the decision-making process
- Create the desired behaviour
- Answers a set objective (i.e. sample, purchase, switch, recommend, etc.) **SR**

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The whole store was revamped. Previously a Spar, it has now been upgraded to a Superspar.

Old store gets a new life

Superspar Palm Court

By Hippo Zourides

Greg Ioannou is a dynamic entrepreneur that has spent most of his life in the hospitality industry and owned a number of fast food outlets in the north-western suburbs of Johannesburg.

When he saw a Spar store in the Weltevreden Park, Roodepoort area, he immediately saw the potential of the site. However, the current condition of the store did not allow the potential growth that he envisaged.

With Spar's support and his entrepreneurial spirit at play, Greg decided to purchase the store and invest in it a substantial amount for its revamp.

The result is a great looking store which is now trading under the Superspar banner. The pictures that follow gives the reader a good insight into the look and feel of the store.



Greg Ioannou, the franchise holder, and his manager, Malibongwe Mcefani, pictured outside the store.



Most service areas are located along the wall next to the store entrance. This means that serving staff can be cross trained to cover multiple departments as required.



This alcove, located behind the checkouts, is dedicated to all a mother requires for a party for her child or the local school.



The checkout area is well-appointed and thought has gone into the process to allow space for paraplegics with a lower counter. Express tills are also available.



Wide aisles are a feature of the store and the LED lighting ensures that all product displays are well illuminated.



The many columns in the store have been well camouflaged by the positioning of supplier fridges for ice cream and cold drink impulse sales.



At the store entrance, the customer is greeted by a coffee shop stocking a practical range of beverages and food ideal for a quick stop.



Bold signage with simple descriptions are a trademark of the store. Refrigeration has also been colour coded for each department.



The wine section is located in the middle of the store flow and, should legislation require it, can be closed off at any time.



The customers have a choice of prepacked and service counter fresh meat to choose from, while seeing the cold storage through glass windows.



Shoppers have full visibility of the bakery area and are able to shop both outsourced as well as the store produced fare.

Shoppers are encouraged to participate in the in-house competitions as their attention is drawn to the weekly specials. **SR**

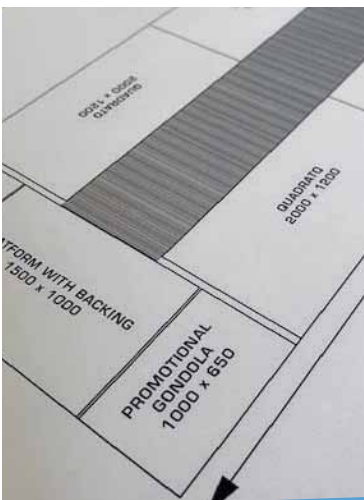


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A group of New World supermarkets have abandoned the use of plastic wrapping for virtually all of their fruit and vegetables in a project labelled 'food in the nude'.

Fresh produce sales soar as New Zealand food chain launch 'Nude' shopping

But keep your clothes on... 'food in the nude' means beginning of the end for plastic in supermarkets

Sales of some vegetables have soared by up to 300% following moves by a number of New Zealand supermarkets to ditch plastic packaging.

A group of New World supermarkets have abandoned the use of plastic wrapping for virtually all of their fruit and vegetables in a project labelled 'food in the nude'. Pioneered by the New World store at Bishopdale in Christchurch, it has led to stunning sales figures.

"We monitor them year on year and, after we introduced the concept, we noticed sales of spring onions, for example, had increased by 300%," says Bishopdale owner Nigel Bond. "There may have been other factors at play, but we noticed similar increases in other vegetable varieties like silver beet and radishes.

"When we first set up the new shelving our customers were blown away," he says. "It reminded me of when I was a kid going to the fruiterer with my Dad, you could smell the fresh citrus and spring onions. By wrapping products in plastic, we sanitise and deprive

people of this experience; it (dispensing with plastic) was a huge driver for us."

Bond says he was initially concerned his plans could backfire: "When you take on these projects, they can be a disaster and lead to customer pushback but in my 30 years in the supermarket industry this simple change has resulted in the most positive feedback from customers I have ever received."

The initiative is part of the war against plastic. In New Zealand the days of single-use plastic shopping bags are numbered – most supermarkets no longer providing them at the check-out – while the government late last year agreed to regulations for a mandatory phase-out across all retailers from July 1.

Of the 300 million tons of plastic produced worldwide every year, half is used just once





and thrown away, while only nine per cent is recycled. In New Zealand about 252 000 tonnes of plastic waste goes into landfill each year, a significant amount also ending up in our waterways and ultimately the sea.

Bond says eight or nine New World supermarkets in the South Island have followed Bishopdale's example, a move which is part of a suite of sustainable practices adopted by New World owner Foodstuffs.

He says he and store manager Gary May first came up with the idea over two years ago: "At the time we noticed an increasing amount of fresh produce was being supplied in plastic wrapping. We thought this was crazy and vowed and declared to do something about it.

"I went on a study tour to the United States and saw what the Whole Foods supermarket chain is doing over there," he says. "They have a massive range of fresh food and their merchandising is almost an art form.

Bond began discussions with growers and suppliers, most of whom he says were happy to look at ways of providing produce free of plastic packaging (Foodstuffs is also continuing to work with suppliers to look at how it can be reduced across-the-board including areas other than produce).

A new refrigeration shelving system for

“ It reminded me of when I was a kid going to the fruiterer with my Dad, you could smell the fresh citrus and spring onions. By wrapping products in plastic, we sanitise and deprive people of this experience ”

displaying fresh fruit and vegetables was installed along with a process known as 'misting' to help keep items fresh.

"Vegetables are 90% water and studies have shown that misted produce not only looks better, retains its colour and texture, but also has higher vitamin content," Bond says. "We've also installed a reverse osmosis system that treats the water by removing 99% of all bacteria and chlorine, so we are confident the water we're misting with remains pure."

Bond says some produce – including berries, grapes and some tomatoes – still come in

TEACHING MOMENTS



- Vegetables are 90% water. Misted produce not only looks better, retains its colour and texture, but also has higher vitamin content
- Many suppliers are reviewing the way produce is packaged. However, manufacturers don't always understand what consumers want.
- Introducing recyclable food trays is a measure that diverts more than 80 million trays from landfill every year.

plastic containers while mushrooms are packaged in cardboard trays. Most of this packaging is, however, recyclable.

Although many suppliers are reviewing the way produce is packaged, Bond believes manufacturers don't always understand what consumers want: "We know, but we are like an intermediary, we sell what they give us. I think manufacturers have a much bigger part to play."

New World is also trialling another initiative – bring your own containers. The trial, in which customers can use BYO containers for meat and seafood, is under way in a number of stores.

"Take-up has been slow," says Brendon Jones, owner-operator at New World in Howick, "but we're committed to conducting the trial. We have limited it so far to the butchery and seafood counters, where potential food safety risks are reduced because these products are likely to be cooked after being purchased."

He says Foodstuffs is also trialling paper alternatives to foil seafood bags and fibre-based deli trays.

Foodstuffs have signed the NZ Plastic Packaging Declaration which is committed to making all store and private label packaging 100% reusable, recyclable or compostable by 2025. It has also introduced recyclable food trays – a measure that gives customers the opportunity to divert more than 80 million trays from landfill every year. **SR**

As published in the New Zealand Herald www.nzherald.co.nz



By Hippo Zourides

“ The snacking phenomenon is now covering a variety of new items such as smoothies, sushi, or pizza slices ”

Macro snacking

Macro snacking is not the same from country to country

IRI, an American research outfit, through its South African office, has shared some very interesting data on global and South African shopping patterns, while delivering some great insights of how manufacturers and retailers can get ahead of the game.

Recent research, both locally and globally, focused on snacking (i.e. eating between meals) and IRI has coined the phrase 'macro snacking'. This is because consumers go beyond their traditional between meals snacks like chips, biscuits or sweets. They found that the snacking phenomenon is now covering a variety of new items such as smoothies, sushi, or pizza slices, over and above the usual nuts or biltong or biscuits.

Compare the growth of healthy alternatives to the regular options in a given range.

Category	Normal item growth	Growth in healthy alternatives
Chocolates	5,0%	13,0%
Yoghurt	1,2%	26,1%
Cheese	8,2%	99,0%
Salty snacks	10,8%	43,9%
Biscuits	3,9%	4,0%
Ice cream	0,2%	61,4%

World trends

In Australia, shoppers look for functional and healthy snacks, followed by popcorn and baked products.

In Spain, preferences range from dried fruit to ice cream to chocolate bars and baked goods. Greeks are looking for more balance, but the major trends indicate a preference for waffles, count lines and ice cream.

In the UK, snacking has dropped a little, but yoghurt and cupcakes still dominate the category.

Why do people snack and when?

The market can be split into three major categories:

- **Wellness** – those who look for healthy alternatives, including GMO-free or gluten-free products
- **Permissible indulgence** – eating some snacks consciously, even though the ingredients may not be as healthy as the wellness ones
- **True treats** – here it covers 'loaded' products such as donuts and confectionery

Snackers snack the most during the middle of the day (67%), followed by late afternoon (58%) and less so in the morning (23%).



SA trends in snacking

In our country, traditional items are at the forefront of snacking, namely, corn chips (12,9% increase in value) to chips (13%) to salty extruders (8,1%). The rest of the market still snacks on chocolates (5,1% growth), yoghurt (3,2%), sweet biscuits (4,3%) and sugar-based confectionery (5,1%).

The main driver to increase this category appears to be innovation, such as the Bakers Good Morning range, as well as snack packs (nuts and dried fruit combinations) and some yoghurts (kiddies line extensions).

However, the healthy lifestyle snacking is the area that requires focus by retailers.

The banting eating trend is growing apace and one example of its influence on healthy eating is full cream yoghurt, which has doubled the brands on display as compared to five years ago.

Another trend to consider is convenience. Customers are looking for combo packs (biltong and nuts), some beverages (milk

modifiers, smoothies, etc...) as well as portability and the ability to seal the packaging for later use. There is also a pronounced trend away from CSD's (carbonated soft drinks) to bottled water. In 2017 CSD's grew by 5,1%, while bottled water grew by 33%.

How do manufacturers cash in on these trends?

IRI recommend several options to be considered when developing new products and/or line extensions.

- **Wellness** – is a well-established trend to follow
- **Innovation** – clever options that are not 'me too' products should be developed
- **Millennial generation** – these young people are savvy and are looking for new lifestyle options
- **Niche segments** – some categories are very small now, but have the potential of growing the market exponentially
- **Unique channel strategies** – the supermarket channel must be developed to compete more with the pharmacy/health food channel
- **Packaging** – innovative and informative packaging should be considered
- **Social media voices** – listen to what is being said on the ether and develop products accordingly

Macro snacking is not an area to be neglected at store level. Retailers should analyse their displays and create snacking opportunities throughout the store. **SR**



For further information on this research go to www.iriworldwide.com



Soups & sauces

- The major trends are premium products, vegan and reduced sugar options
- Latin America and Asia have launched the most new products in this category
- Ethnic recipes such as Moroccan Harissa, American mustard and Spanish tomato sauces are prevalent
- 'Low' and 'Light' options are increasingly popular



Yoghurts & desserts

- High protein and the re-introduction of culture options are trending globally
- Digestive health (probiotics and specific bacteria) is going through a revival
- Low fat, low or no added sugar continue to be the most popular health claims
- Fruit flavours continue to dominate the launch of new products

Source: *Food Ingredients magazine*, December 2018 edition

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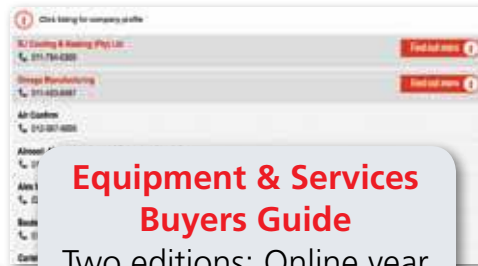
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