

# SUPERMARKET & RETAILER



BUSINESS KNOWLEDGE FOR SMART RETAILERS

Business knowledge for smart retailers  
ISSUE 1, 2020 [www.supermarket.co.za](http://www.supermarket.co.za)



**Aki Kalliatakis –  
The worst ever  
virus for business**

**Storewatch –  
Checkers Sandton City  
gets a facelift**

**Bakery –  
The proof is  
in the pastry**

**Social media  
trends for 2020**

**Taking the lead  
in seasonal  
merchandising**

## Creating the 'universe of one'

# Contents



## FEATURES



**Retail automation** ..... ◀  
A report by KPMG International analyses the online shopping preferences and

behaviours of more than 18 000 consumers in 51 countries, by geography, generation and product category.

**Bakery** ..... ◀  
Bakery is big business in South Africa. With challenges mounting and fierce competition, running a successful bakery takes forethought, innovation, and passion – not to mention time and resources. So, how to survive this fast-changing environment?

**Bakery** ..... ◀  
Eskom se push has become the most used app in South Africa, possibly because it echoes the strong sentiment that is running through all citizens.

## COLUMNS

**The worst ever virus for businesses** ..... ◀  
Aki Kalliatakis points out that bad publicity from disappointed customers gets exaggerated as people re-tell their bad service experiences.

**Creating the 'universe of one'.** ..... ◀  
Technology can take FMCG marketing to the next level by optimising the distribution channel while tailoring marketing to individual requirements.

## STOREWATCH

**Checkers Sandton City gets a facelift** ..... ◀  
A revamp has elevated this 5 000m<sup>2</sup> store into the Fresh X store category with its beautiful service areas, energy efficient lighting and 'silent floor' that have become trademarks for the new look of upgrades in Checkers stores.

**Risparmio Casa takes the lead** ..... ◀  
These stores turn the various Italian calendar events into a destination, where the consumer can find the whole solution under one roof.

## NEWS

**The Italian experience** ..... ◀  
What can South Africans learn from the effects of Corona virus on purchasing patterns in Italy

**The Consumer Protection Act** ..... ◀  
A big stick for errant retailers. There are significant added costs in being compliant with this Act.

**The personal touch – Nielsen research** ..... ◀  
The majority of consumers still prefer talking over tapping when it comes to sharing their brand experience or seeking recommendations.

**Social media trends for 2020** ..... ◀  
It can be extremely difficult for brands to stand out in an already crowded space, unless they have a clear social media marketing strategy fuelled by staying up to date with the latest social media trends.

## CALENDAR

A calendar of upcoming trade fairs and events. .... ◀

**Advertisers (click on logo for more information)**



www.supermarket.co.za

# South African business hit by Eskom and the Corona virus



Helen Maister

**E**skom se push... has become the most used app in South Africa, possibly because it echoes the strong sentiment that is running through all South Africans.

Covid 19 has thrown the world into panic.

The supermarket retail industry is one of the few

industries that has thrived in these uncertain times. Shoppers are stock piling as they feel this is the end of days. The bubble is growing, but will eventually pop as the inevitable economic tsunami hits us. Are you going to be ready? In this issue there are some key articles where we will discuss how you can secure your future.

Italy is the worst hit country in Europe. We share lessons from the frontline on what people are stocking up on while they stay at home. We will give you, the retailer, insight into which categories are thriving and which are struggling in Italy today. This will help you plan for the weeks ahead.

Shopper habit are going to change radically going forward and more than ever before data analytics will play a major part in the supply chain process. Retailers and manufacturers can gain vital knowledge about their shoppers as they give their information freely as part of loyalty programmes.

Our buying and shopping habit are going to change radically over the next few months, your data and the ability to be agile could put you in a pretty position going forward. In *Creating the universe of one*, Andrew Dawson will go deeper into this subject.

The CPA (Consumer Protection Act) is a benefit to the retailer. By building trust and satisfaction from fair purchases, the consumer will stay loyal.

Checkers in Sandton City has had a facelift! The 5 000m<sup>2</sup> store has been elevated into the Fresh X category. Hippo Zourides takes you on a 14 page visual tour of this beautiful store.

Prevention is key! Aki Kalliatakis talks about the *Worst every virus for your business*. Word-of-mouth is great if the customer had a positive experience but what if was a bad one? Aki discusses strategies

that you can put in place to handle the fall-out and create customer loyalty.

The landscape of bakery is changing. In South Africa we have some unique challenges. As the master bakers leave the country for better prospects overseas, what are our options in South Africa. In this issue we discuss scratch baking, FTO (Freezer to Oven), profitability, staff training, health trends – is it worth it? And burners vs electric ovens.

The best marketing is word-of-mouth marketing. Millennials have been burned by fake news and are cautious. They trust the experience of people. Understand the link between the online world and the offline world with *Consumers prefer personal touch in purchasing decisions*.

Competition is getting fiercer. Retailers need to stand out and can't ignore social media to reach their customers. Find out what is working in *Social media trends 2020*.

Helen Maister

Helen Maister



# The worst ever virus for businesses

**Bad publicity from disappointed customers gets exaggerated as people re-tell their bad service experiences**

They often become determined to do as much damage to the business as they can by 'infecting' as many other people as possible



Aki Kalliatakis

Delight your customers

aki@leadershiplaunchpad.co.za

www.leadershiplaunchpad.co.za

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

As I write this article, the news media of the world are in a panic about the spread of the Corona Virus that has led to hundreds of thousands of infections, and hundreds of deaths. The stock markets seem to be in freefall, and all the 'experts' are predicting another financial crisis.

Now I don't know about this flu virus, and I am utterly clueless about computer viruses, but all this talk of viruses got me thinking about another insidious virus that affects your business, and possibly the economy. And that is the virus of word-of-mouth.



“ Viruses always start off small, but they seem to explode quite suddenly. They are contagious in that they pass very easily from one person to the next ”

With the digital help of the internet, sometimes millions of people can hear about one customer's appalling experience with a company.

Sadly, it's not as powerful as when customers experience delightful service from any business, although the positive effects of good experiences do build a business's reputation – and profitability.

We assume that bad publicity from disappointed customers gets diluted as time passes, but, in fact, awful stories are exaggerated as people re-tell them. Indeed, it is also true that people who have not been directly affected by the terrible service experience actually do forget about it sooner – as other new “Did you hear what happened...” stories emerge.

But the customers who were affected, who felt humiliated by their treatment, who felt ripped off in some way, who are filled with rage about what happened – well, they just never recover, nor do they forget.

They become irrationally fearful that something bad will happen again if they continue doing business with you, and they often become determined to do as much damage to the business as they can by 'infecting' as many other people as they can.

It's also important to remember that while there are a few medical viruses that lead to death, there are also many times more people who do survive – but they have also been tainted. The same is true of customer complaints: some are so dramatic that they lead to terrible losses in your organisation, but the thousands of people that you did not hear from still lurk there in your markets, waiting to do damage.





“ Is there any immunisation that you can use to prevent this virus from spreading and doing untold damage? ”

I don't need to tell you about all the statistics about how expensive this is for your business, because you have no doubt heard them before. But they definitely weaken your business, and your company ceases to be immune from dangers that lurk from your competitors and rivals. Even worse, these unhappy customers will not even tell anyone in your business, and, like viruses sitting undetected in your body, you don't even know what happened.

Is there any immunisation that you can use to prevent this virus from spreading and doing untold damage? Just like in the case of the Corona Virus where masks and other small actions don't really help, you cannot afford to under-react.

One thing is for sure: you cannot just expect that by ignoring it that it will quietly disappear. Spending money to 'bribe' customers to stay

silent will make things worse. Doing some 'kind acts,' (like donating money to a children's shelter,) will not get you out of trouble. You also cannot stop people from spreading this virus by threatening them with legal action. These are all things that I've seen discussed in boardrooms with very limited success.

#### **Prevention is the key**

No, just like with a flu virus, prevention is key, and you need to prepare your strategy well in advance rather than reacting like a chicken with its head cut off when things go wrong...

- Train people on your team to deal with problems in a warm and compassionate way. And keep doing it. You have to forcefully and insistently campaign within your organisation so that everyone knows

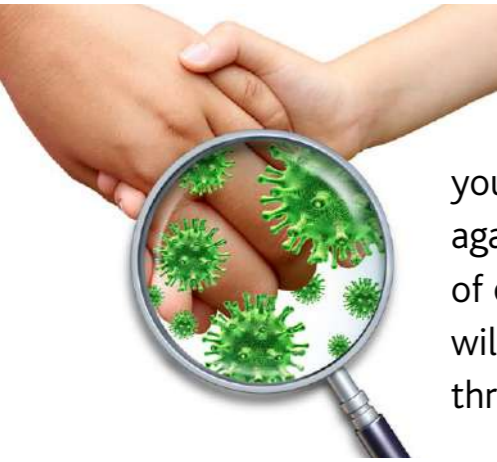
exactly how to respond to the dangerous effects. Repeat the lessons of listening with empathy, saying sorry, thanking customers for letting you know, and, of course, empowering them to rectify problems.

- Have your ears and eyes open especially in the social media.



*In one major retailer I have worked with, the customer care manager has installed software that scans social media and she will know within five minutes of the post what people are saying about her company.*

- Have processes in place to make sure that the moment something goes wrong you will first take care of your customers before they even realise it. Thus, make sure that if you pick up a problem in your business like a breakdown or a quality issue, that you communicate often and much with your customers.



**After crisis strategies**

But what when the crisis actually breaks before you are aware of it? Once again, there are a number of essential strategies that will help your business get through it all...

- As mentioned, little acts don't help: just as many governments have already dramatically done, (by cancelling various events where people gather, for example, and closing museums like the Louvre,) you have to take forceful and positive action to resolve issues – and be seen to do so.
- Communicate often and much with your customers. Never leave them hanging, or in any doubt that you are working urgently to solve their problem. Keep letting them know about the progress, and make sure that whatever actions you take are satisfactory for them.



● Make sure that customers don't feel residual distress such as feeling ripped off. Robert Brozin, founder of Nandos, always used to say that a customer must get at least the same, if not more, value than the thing that they complained about. So, if a customer was unhappy about the chicken, you don't offer them a free cup of coffee.

Hopefully, the actions taken around the world to deal with this flu epidemic will be resolved soon, and my sincere wish is that you and your loved ones are not affected. I also wish that your business is not affected, and/or recovers quickly, from the epidemic of deleterious and undesirable word-of-mouth. **SR**



SELL PURIFIED WATER ON TAP

BOTTLE YOUR OWN WATER

FULLY SERVICED AND MAINTAINED

INCREASE FOOTFALL AND PROFIT

JOIN THIS FAST GROWING INDUSTRY

PURCHASE AND LEASE OPTIONS

**Contact us today for all your water filtration requirements**

**Our current customers incl.**

Spar, Pick n Pay, Food Lovers Market, OK, BP, Engen, Puma, Butchers and Convenience Stores countrywide.

On a social media survey, asking people whether they believed their drinking water is of good quality. "Out of the 3000 votes we received within 24 hours, an alarming 83% of people said "NO"

Jean-072 022 1970

Este-082 878 3823

admin@driink.co.za

# The effects of Corona virus on purchasing patterns in Italy

Deserted streets  
Empty shelves

By Eros Casula & Antonello Vilardi – Retail Watch ([www.retailwatch.it](http://www.retailwatch.it)), adapted by Hippo Zourides

Italy is one of Europe's worst hit countries by the current spread of the Corona virus. Nightly news is full of images of Italian deserted streets and restaurants and the effect on the retail trade has been enormous. In some cases, retailers have experienced exceptional growth in some product categories and some store formats are being supported more than others.



So what can South African retailers learn for the Italian experience?

The only retail outlets that are operating as normal in Italy are supermarkets, pharmacies



and tobacconists (bad habits are slow to die!). Restaurants, clothing stores, stores selling general merchandise, as well as street markets have been forced to close by legislation issued by national, provincial and/or local government.

The store closures are primarily aimed at the reduction of the contagion, for which there is no solution, other than limiting interpersonal contacts, in the absence of effective vaccines or drugs.

These closures have alarmed the industry and

are producing some very different statistics to the normal flow, previously enjoyed by the trade. The first two weeks following the closure are showing different patterns.

## Week one

Mass distribution outlets experienced a noticeable surge in traffic and volumes. The driving sector has been mostly home care; for example, disinfecting alcohol products showed an increase of +347%,



according to research company Nielsen.

Flour increased by +82% (Italians bake their own bread and make home-made pasta), but there was no major increase in other food categories, as the public did not start hoarding during the first week.

## Week two

New trends started to emerge. Some chains enjoyed growth in sales (vs. same time last year) up to +11%, unheard of in Italian retailing trends in recent times.

And the growth varied dramatically by region – in the south of Italy, the sales growth was as much as +20,9%; the centre of the country showed a +12,9% spike, while the North West (+7,9%) and the North East (+7,5%) showed a more moderate increase in sales.

The country has now entered its third week of the closures and the industry is expecting to see further changes in shopping trends. The Italian supply chain process appears to have withstood the challenge and added volumes are reaching the stores to satisfy the buying needs of the population.

## Formats

The growth in business has not been distributed evenly throughout the retail scene. Discounters and branded supermarkets showed the biggest same store increase in sales (+15,4%).

A much lower growth trend was witnessed in drug stores (+5,9%) and hypermarkets (+5,1%). Naturally, online orders rocketed (+82,3%).



A very interesting statistic is the cash n carry format, which dropped by -22,6%, primarily because they supply in bulk to the catering and hotel industry, that have had to close down many of their outlets.

The daily shopping trends, as compared to the same day last year, showed that Mondays are down on last year, while the rest of the week, including Sundays, is up on the same day of a year ago.

## Category trends

There appear to be three types of shopping trips that have taken place in Italy over this period.

### The 'stock up' mission

Long shelf life products make part of this category, such as rice (+28.8%), pasta (+29.6%), canned meat (+19.9%) and jams and spreads (+32.7). Pastry products and biscuits have shown a great





positive trend, joined by flour (+57.5%) and the frozen/chilled products sector (+18.4%), of which fresh fish stands out (+23.0%). Long-life milk sales have increased (+20.2%), but beverages (+6.8%) are below average, excluding beer (+10.4) and wine (+9.6%).

**The 'keep healthy' mission**

This area has to do with the advice given by the authorities on ways to safeguard one's health and prevent the onward transmission of the virus. Household cleaning categories have grown substantially (+19.6%), driven in particular by the disinfectants and general cleaner section (+37.8%) and by items such as washing powders (+102.3%).

In maintaining personal hygiene, the shoppers also influenced some of the categories, namely, personal care, which grew slightly below average (+10.4%), while these individual categories continued to perform well: parapharmaceuticals (+94.9%), and toilet paper (+17.3%). However, predominant in terms of turnover, were wet wipes (+216.3%) and paper tissues (+30.6%). The growth



of hand soap, liquid and solid, also continues, with a trend of +64.3%, and the growth of intimate soaps by +25.2%.

**The 'stay at home' mission**

Understandably, as people spend more time at home, they have cut down on some personal care products that are not seen as vital for the current pandemic. Thus, cosmetics were down (-17,3%), perfumes (-23,1%), depilatories (-6,7%) and, due to lack of social interaction, items that were down

included sweets and snacks (-11,7) and savoury desserts (-51,5%).

By the time this article is published, South Africa would have already gone through its first week of the new way of doing business.

We just hope that the supply chain to our retail stores is as sturdy as the Italian one proved to be. We can handle the various up or down trends in consumption, provided we have the necessary stock. **SR**

# KMPG survey details what online shoppers really want

A report by KPMG International analyses the online shopping preferences and behaviours of more than 18 000 consumers in 51 countries, by geography, generation and product category.



Dean Wallace, industry leader for consumer markets and technology at KPMG in South Africa, comments, "Today's consumer no longer goes shopping but is shopping, all the time and everywhere. Moreover, in a global online marketplace, competition is no longer limited to local shops during regular business hours. Consumers can easily buy from retailers and manufacturers located anywhere in the world — or from those with no physical retail locations at all."

"Increased competition, combined with consumer demand for richer experiences, means that retailers

need to rethink their online strategy. For many retailers, creating an online shopping experience, enhanced by technology such as augmented and virtual reality or 3D, is becoming at least as important as providing convenient and personalised ordering, payment and delivery options."

## Behaviour basics

The number of online transactions made by survey respondents averaged 17 purchases per year, or 1,25 per month. Generation X consumers (born between 1966 and 1981), averaged nearly 19 transactions per person per year, and they made

more online purchases in the past 12 months than any other age group. They made 20% more purchases than the 'tech-savvy' Millennials (born between 1982 and 2001).

"Stage of life and income levels are certainly primary factors, driving both online and offline shopping, and Generation X consumers, many of whom are more established in their careers and may be building homes and families, are likely buying more consumer goods than the younger Millennials overall. As Millennials continue to enter the workforce and adulthood, however, their online shopping activity is expected to surge and even



# Want to improve your efficiency and profitability?



## Integrated retail management solution



Retail



Enterprise



Mobile



Value Adds



Financial Integration



Fuel



Loyalty



Hardware

### CONTACT US

Tel: +27 21 556 2724

Email: [webinfo@archsoftware.co.za](mailto:webinfo@archsoftware.co.za)

Website: [www.archsoftware.co.za](http://www.archsoftware.co.za)





far surpass the levels currently exhibited by older generations.”

While it may be presumed that the more traditional Baby Boomers (born between 1946 and 1965) are less inclined to shop online than younger generations, the survey revealed that in fact they shop online just as frequently as Millennials. Furthermore, Baby Boomers were more likely to spend more per transaction than the younger consumers were (average purchase for Baby Boomers was US \$203, US \$190 for Generation X and US \$173 for Millennials).

### Online or offline?

When comparing the impact of online versus offline touch-points that create the first trigger moment, of note is that 52% of consumers cited at least one offline channel as a source of initial awareness and 59% cited one or more online channels.

Retail websites or online shops were the most common source of initial awareness, cited by nearly a third of consumers, and online advertisements were cited by 15%. At the same time, physical shops were the second most popular source of

awareness, cited by 22% of consumers.

Millennials were not only more likely than the older generations are to be influenced by online sources, such as social media or peer reviews, they were also more likely to be influenced by offline channels.

Millennials were 25% more likely than Baby Boomers to have seen their most recent online purchase in a shop, nearly 50% more likely to have talked to a friend about it and more than twice as likely to have seen someone with it.

“ Today’s consumer no longer goes shopping, but is shopping all the time and everywhere ”

“E-commerce is not an online-only affair. Both online and offline channels are effective in creating consumer awareness and demand, especially when used together. Furthermore, despite the rise of online shopping, e-commerce still makes up a relatively small percentage of total retail spending.

Retailers’ brick and mortar strategies need to continue to evolve to attract customers into their stores and to compete with online retailers opening their own physical outlets. Increasingly, we are seeing innovative marketing strategies, as well as new technologies such as smart shelves, robots, self-checkout and interactive and virtual reality being deployed in stores, as retailers strive to compete on all fronts.”

### Why and where they shop online

The number one reason that consumers said they shop online is for the convenience of shopping at any hour of any day (cited by 58% as a top reason).

This is followed by having the ability to compare prices (54%), or to find online sales or better deals (46%). All age groups reported the same top three drivers. However, when it came to locating harder to find items, Baby Boomers reported having a higher motivation for shopping online (26% of Baby Boomers versus 20% for Gen X, 17% for Millennials and 20% overall).

When asked what is most important when deciding where to buy an item online, consumers were most likely to buy from the website with the lowest price they could find (57%) followed by websites with enhanced delivery options (43%) or easy return policies (40%). There was a notable difference between generations when it came to the importance of being able to see online whether a product is in stock. Millennials were the least concerned about being able to see real-time product availability (cited as important by 28%) versus 36% of Gen Xers and 37% of Baby Boomers.

### Earning trust

When it came to earning trust, consumers said that protecting their data and information was most important (63%). Although Millennials were the generation least concerned about data protection, it still ranked high as a priority for earning their trust (cited by 56% of Millennials, 66% of Gen Xers and 71% of Baby Boomers).



“ While most companies are of course making a concerted effort to protect their customers’ personal information, frequent media reports on data breaches around the world continue to make consumers anxious and keep the issue top of mind. ”

### Keeping consumers loyal

Excellent customer support was the number one loyalty-earning attribute, cited by 65% of the respondents. The second-most successful loyalty strategy was providing exclusive promotions and offers (cited by 45%), followed by loyalty or membership programmes (37%). These top three loyalty drivers were consistently effective across

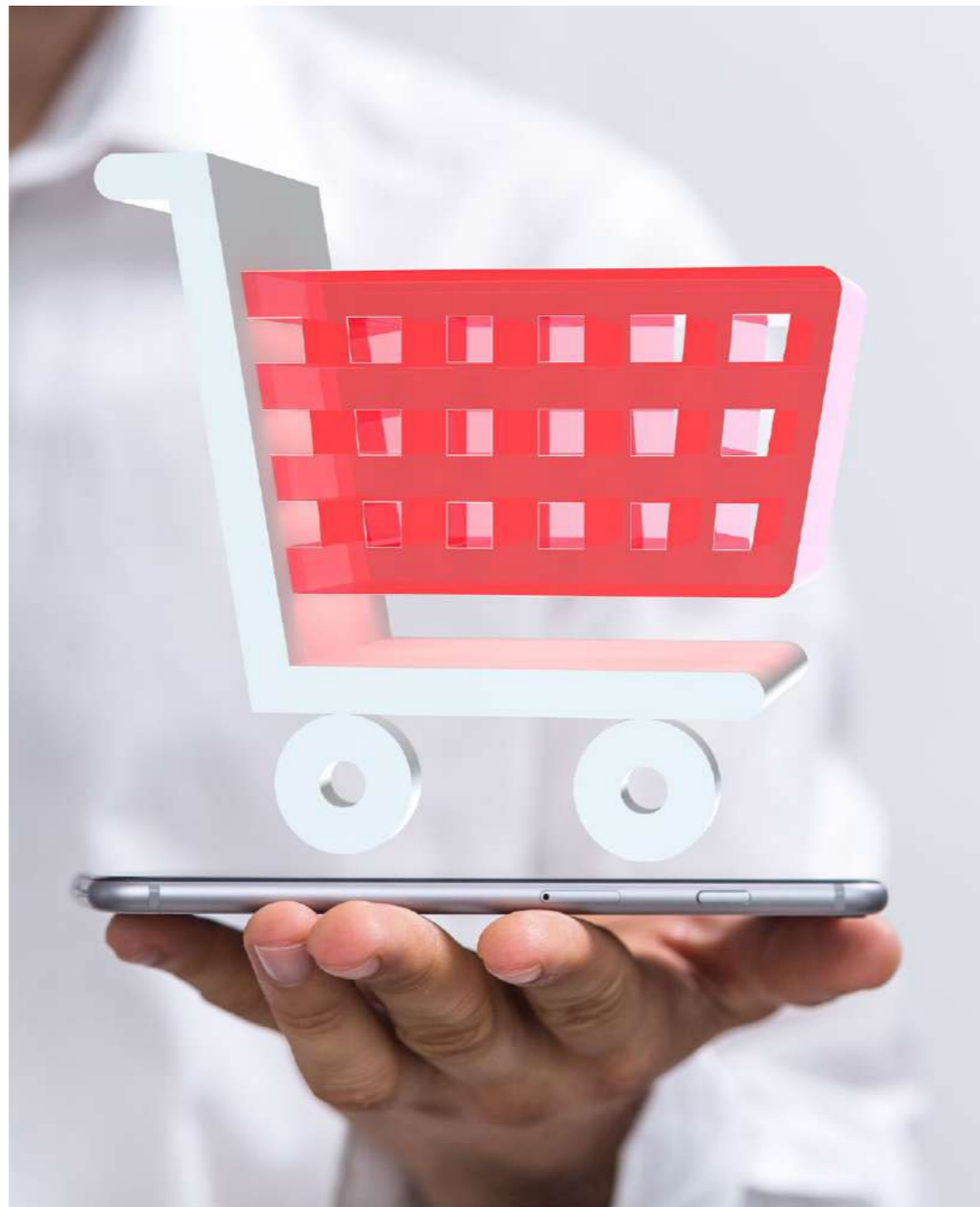
all generations, with Baby Boomers placing a higher importance on customer support (74%) than Gen Xers (66%) or Millennials (59%).

Taking a deeper look at the differences by generation, younger consumers tend to be more loyal to companies that offer personalised interactions (customised promotions, anticipation of needs, having a sense of community, one-on-one engagement in social media, online games and other interactive experiences, as well as concierge services).

## HOW TO KEEP THE CUSTOMER!



“The more traditional attributes such as excellent consumer support, loyalty offers and membership programmes will remain important for all companies to consider as part of their mix. The challenge will be for companies to find ways



to offer more personalised services to satisfy Millennials who, in 10 years, will be the mainstream consumer. One-on-one engagement will become an expectation for the majority of the market.”

### Rise of sharing feedback online

Overall, 31% of the consumers responding to the KPMG survey said they shared a product review

online. The Millennials were the most likely to post a review (34%) followed by Gen Xers (29%) and Baby boomers (28%). Furthermore, nearly all (92%) reported reviews were positive.

“The growing trend for consumers to post positive reviews is driven by factors including the rise of social media, where consumers subtly compete with their peers by publicly sharing their latest purchases and experiences; the rise of bloggers, whose business models are based on providing product reviews that drive affiliate clicks; and sellers, who proactively solicit ratings from happy customers.”

Consumers responding to the survey said they were most likely to post feedback directly to sellers’ websites (47%) followed by posts on Facebook (31%) then on a manufacturers or the brands websites (18%). This was consistent across all age groups, with Millennials also frequently posting on

WhatsApp, Instagram and Twitter.

“The implication for companies is that user-generated reviews are being posted on sites that are increasingly out of their sphere of control or influence. Companies need to integrate these social media sites into their marketing and customer strategy,” Wallace concludes. **SR**  
– [www.bizcommunity.co.za](http://www.bizcommunity.co.za)

# Today's consumer no longer goes shopping but is shopping all the time and everywhere

As you consider the next step for your business to become even more automated, overseas experience indicates that the best way to plan for such automation is to consider everything under an omni-channel umbrella.

Omni-channel refers to the goal of delivering a consistent brand experience across all channel activity.

Companies invested in an omni-channel strategy are careful to ensure that their customers receive the same experience and message across different channels and devices involved within their interactions with the brand. The customers' shopping journey is not disjointed, but completely seamless.

As you consider the future steps to be taken, it is wise to talk to experts who can facilitate the above integration. Your store IT system is vital. Has it been designed to cope with all of these component parts?

Retailers are often tempted to get involved in ad hoc initiatives, such as loyalty-card programmes or a click-and-collect strategy or maybe a mobile solution for coupons.

The best way forward is to integrate all of the above into one common platform so that the customer experiences a seamless process when dealing with your business.



Research has indicated the consumers ask the following questions when considering your store's omni-channel offering.

- **Know me** (personalised interactions) – recognise me, my existing subscription, service and interactional history. Acknowledge my recent actions across various channels and weave them into your strategy
- **Show me you know me** (targeted promotions and marketing techniques) – do you have personalised offers that interest me at the right price? Help me understand the benefits of your offering in simple-to-understand language suited

to my profile, my likes and my capability

- **Enable me** (invest in social, mobile and retail channels) – make my physical shopping trip convenient and hassle-free by merging my digital experience with the real store. Allow me to express my passions and recognise my insights and preferences. Equip me with the correct resources

to help me understand the benefits of my choices as a complete solution that suits my needs.

- **Value me** (the customer now controls the shopping process) – I now have complete flexibility to control my product and service bundles. It allows me to be a loyal customer (please reward me) and it gives me extraordinary influence over all purchasing decisions.

Answer these questions adequately and talk to your hardware/software suppliers, and you will be on your way to an integrated omni-channel strategy that will delight your customers. **SR**



# Benefits of automating cash management



**Contrary to many predictions, the days of physical cash are not numbered.**

According to Richard Phillips, joint CEO of Cash Connect Management Solutions, automated cash handling saves money and time, and allows the business owner to focus on his business. Here are a few ways in which automated cash management systems add value to a business:

## **1. Business efficiency**

Automated cash management improves efficiency. It is fast, accurate and safe since it eliminates all staff touch points associated with manual reconciliations and banking, counting, shrinkage, double-count supervision, insurance costs and overhead costs, as well as the exposure to crime both in store and en route to the bank.

## **2. Cash is guaranteed**

Cash is guaranteed from the time it is deposited into the cash vault until it appears in the customer's bank account.

## **3. Streamline cash flow**

Well-organised cash flow means more cash on hand, because cash reflects in your bank account on the same day that the cash-in-transit company collects from your premises.

## **4. Improve employee and customer retention**

When a store is attacked, it will have an emotional impact on employees. Businesses can also expect to have a reduced footfall of customers for up to six months after a violent attack. With an automated cash-management environment employees will go about their work with a greater sense of security. **SR**





Create a sensory Bakery experience

# The proof is in the pastry

Where are we now,  
and how to survive this fast-changing environment

**B**akery is big business in South Africa, but at what price? With challenges mounting and fierce competition in both the retail and wholesale space, running a successful bakery takes forethought, innovation, and passion – not to mention time and resources. But where are we in the bakery landscape, and what is its future?

## Is scratch baking a thing of the past?

The jury is out on this, to be honest. For big retailers, the answer is quite probably yes. With mounting costs, including electricity, labour and ingredients, it's getting harder and harder to realise a healthy net profit from scratch baking. Thanks to the country's severe power constraints and frequent disruptions, a generator is a must, and as ageing equipment requires replacement, so costs soar.

According to Hannes Hotarek, managing director of Goosebumps – a local manufacturer and distributor of frozen to oven baked goods – it costs roughly R1 million to replace a commercial bakery kitchen. Because of this, many retailers are looking for innovative solutions and affordable answers.



Enter Frozen To Oven (FTO), par-baked and bake-off products. As Hotarek points out, "Scratch baking has been falling off internationally for some time now, and mass manufacturers are taking over." Retailers are taking the convenience route, which is where FTO providers come in. The product is made, baked to about 80%, blast frozen, and shipped

out." All you have to do is defrost it, prove it and bake it," says Hotarek. The result is less wastage, less labour, less power, less cost. All you need is a 20-litre stand mixer for fillings, an oven, and enough freezer space to store your goods. You get reduced wastage and fresh-from-the-oven goods several times a day with a fraction of the effort.

What's not to love? But, as Hotarek points out, even when FTO products are made in South Africa, the recipes are from Europe, so you're missing out on local treats and traditional goodies. This is where local recipes come to the fore, although artisanal bakeries featuring traditional goods from Greece, the Mediterranean and East Africa are also gaining popularity.

“ While scratch bakeries inside big retail outlets are declining, artisanal bakeries are, perversely, gaining traction. But with significant start-up costs and a declining number of skilled artisans, their sustainability could be questionable. ”

That said, with a growing trend towards healthier eating, food provenance and fresh produce, high quality products are in demand amongst the higher LSMs. It's a small market, but one with buying power that will snap up scratch baked artisanal products merchandised on your shelves.

Fresh hot bread is still a massive commodity in many supermarkets. However, as always, the consumer determines what supermarkets stock. Customers are extremely price sensitive, even more so given the current economic climate and outlook, so total reliance on bake-off products across all retail spectrums will be hard to achieve. Supermarkets that have no or little scratch-baking equipment have been able to adopt these



methodologies and practises, but those with existing scratch bakeries are struggling to evolve quickly.

Exchange rate volatility is another factor that affects the profitability of bake-off when offering imported products. A number of local producers offer a world-class product range and are constantly introducing new lines. They are best positioned to grow this sector and to develop the cold chain where freezer-to-oven bake-off products are concerned.

### Where have all the bakers gone?

You can blame cost versus profit for this one. With margins as tight as they are due to the rise in cost of ingredients and the cost of power and its unreliability, it often doesn't pay retailers to employ a highly skilled baker. The loss of skills to other more lucrative fields is also a sad reality. As Dave Collier, Founding President, SA Bakers Association, explains, "The SETA system was lauded as a way to develop skills for previously disadvantaged South Africans and

was implemented in the early 2000s with the aim of producing qualified learners ready for the workplace. In the South African baking industry, the system has failed, due to a number of complex reasons, but mainly because of the complicated nature of the implementation of learnerships in the workplace and the high cost of training. Combined with the difficulty of sourcing funding to meet skills requirements, and the slow nature of SETA administration, most companies stood no chance of replacing lost skills.”

He goes on to say that every in-store bakery now faces the challenge of sourcing staff that have, at very least, a basic set of baking skills. “Skilled bakers suffer from the poor reputation of many lesser skilled staff, and salaries are low. This does not attract young people to aspire to a career in the baking industry.”

It’s not all doom and gloom though. Collier says the South African Bakers Association was formed as a non-profit company in 2016 with the number one objective of driving skills development in the baking industry across all sectors. “It has succeeded with engaging with the Qualifications Council for Trades and Occupations (QCTO), which will replace the SETA in some areas of skills development. An entry level Baking Skills Programme has been developed, although not registered yet. It also aims to bring all private training providers under one banner, to ensure that basic standards are maintained.” Passionate bakers do still exist and the skills needed to become a master baker can be taught.



### What the future holds

- Consumer behaviour dictates future direction for wholesalers, retailers and artisanal bakeries. Demand for baked products across LSMs differs dramatically. Currently the
- Interest for bake-off is highest in the higher LSM sectors: the ease and convenience of bake-off goods, along with the large range of products, is appealing to that particular group of consumers.
- Although staff do not have to be highly skilled, bake-off still requires a certain skills level. If the products are baked for too long, undercooked or at the incorrect temperature, the end result will be below standard – and the reputation of your bakery will suffer.
- Retailers are feeling the pain of expensive retail space and high staff costs, so a marked increase in

bake-off and FTO options is highly likely. It is also possible that we may start to see innovative hybrid offerings come to the fore, such as tinned bread, soft rolls, and a range of sweet and savoury bake-off breads and pastries. This is not, however, a cut and paste exercise and retailers are having to study consumer trends carefully to identify the correct customer requirements.



### The path to greatness is via your staff

**Staff training.** Training courses for bakery staff are available, but they cost money. Investing in a skilled bakery team can be expensive, and also a bit of a gamble, as you will need to find staff that are passionate and willing to work the gruelling hours and early starts required without constant management. You’ll also need to ensure they stay. A common question asked by retailers is “Do I need bakers and confectioners, or can one person do both?”

There is no easy answer. The skills are notably different and large bakeries will probably require both specialists, while smaller ones may cope with the same person doing both jobs. Bakers who claim to be able to perform both duties should be tested extensively. The wrong staff in the production area can break a business. Your sales staff also need to be friendly, knowledgeable, know what the goods taste like, and be able to chat easily and even animatedly with customers.

**Margins.** The cost of ingredients plus the time it takes to produce, clean up, package and promote your bakery lines needs to be offset by the price of the goods you are selling. Remember that you will also need to take wastage into account before you calculate net profit. Do extensive research into your nearest competitors and make sure that you're in the same ballpark at least, if you can't afford to be cheaper. If your product is significantly more expensive, try to find out why. However, if you are selling a premium product that is markedly superior, market it as such. Your accountant or 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. Continuous monitoring of the department is the only way to achieve a positive financial result." Also, don't forget to revisit your pricing regularly as costs and trends fluctuate.



## Engage the senses Smell, Sight, Taste



- The smell of freshly baked bread is hard to beat. Toast and melted butter come close. Coffee cake, vanilla, cinnamon and melted chocolate are also great aromas for luring in buyers and tantalising

tastebuds. Make sure there are always pleasing scents in your bakery area. If you share retail space or are in a multi-use space, ensure nothing unsavoury wafts over or overwhelms your baked goods. Bake-off goods are a win for this, as you can produce several bakes during a day, ensuring that fresh-baked scent is always there.

- A big display is a feast for the eyes. Goodies trapped behind glass counters are easier to resist than tables piled high with cookies, cakes and tarts, or breads, rolls and savouries. Abundance is expensive, but is also hugely tempting. You could use display areas to showcase harvest table ideas, Christmas buffet inspiration or creative dessert tables that motivate and inspire your customers. If possible, let your customers witness the actual baking processes, as this can be intriguing, informative, and also lend a sense of trustworthiness to your operation.
- Offering fresh tastings is an acknowledged sales booster, but you have to remember to offer a big enough taste to get a reaction, and accept that there will always be those who want to taste, but not buy. Weighing up the pros and cons for your store will be a very specific exercise and will depend on your target market and product offering. Pick certain days for tastings and remain consistent; your regulars will learn to look forward to these. You can also test potential new products and new or improved recipes. A quick "What did you think?" can be quite informative. This is also an option for stores in municipalities that don't allow open displays.

**Stock control.** Implement a regular and detailed process that analyses every aspect of your bakery, from procurement and the production line to the sales team. Make sure your team understands how to correctly account for sales and wastage and keep detailed accounts of both. Knowing when you run out of something and when you are overstocked is as important as knowing how much of both. Regularly go over these processes and ensure they are being followed correctly. Consistency is key to understanding your stock and effectively controlling it.

**Ethical packaging.** Clean, clear labelling and recyclable packaging is a growing trend. Consumers are educating themselves to a greater extent than ever, so don't sell something as sugar-free or no sugar added and then pack the product with unhealthy alternatives, and don't hide sugars behind different names as you risk losing consumer trust. Cashing in on mistaken perceptions may seem like an easy win, but it is not a good long-term approach. Recyclable packaging is more important to the higher LSMs, but that doesn't mean to say you can't introduce it to lower LSMs as well, either to cater to an existing desire to reduce their environmental footprint, or to instil awareness of its importance.



## Is it just a fad?

**G**luten-free and vegan baking can be a challenge. It's tricky, time-consuming and expensive. You also have to know what you're doing or you end up with a horrible product that nobody really wants to eat.

But is it worth it? Research shows that plant-based diets are increasing in popularity annually, fuelled by health concerns as well as environmental and ethical issues.

Similarly, while a real gluten allergy is still relatively rare, gluten intolerance is on the rise. If you are going to go that route, look for a couple of innovative products and get those right before you expand the range.

**Trends.** Some 20% of the 8 – 10 LSM groups are looking for gluten-free breads. Wraps and Arabian flat breads are perceived healthier bread alternatives. Flat breads have no sugar, very little fat and no emulsifiers and may have natural preservatives.

**Know your customers... and their tastes**  
It may seem obvious, but this could be the difference between success and failure. Have a clear business plan specifically for your bakery. What are you selling and why? Is it B-for-basic bread loaves and rolls or artisanal creations and speciality bakes?

Customer feedback is an important research tool. Whether its online or instore, a focus group or one-on-one interactions, keep any survey questions short.

A questionnaire shouldn't take longer than three minutes to complete.

### Be the best

Nobody sets out to be average, but all too many of us accept it. Michelle Green of Three Sweeties, Australia suggests you find your signature and own it. She says...

“Be the best, the first, or the only one baking the kind of treats you make. If you can be all three of those things, that's even better”

Willards



# Cheese Curls®



**A BAG FULL OF SMILES!**



# Eskom se push...

... has become the most used app in South Africa, possibly because it echoes the strong sentiment that is running through all South Africans.

“ If all things are created equal and you have electricity that is reliable, stable and available then go with electricity. It is cleaner and almost impossible to steal, requires less peripheral activity such as fire and safety requirements and fuel delivery management which can be very stringent in a retail shopping centres ”

Shane MacMeeking, CEO of baking equipment suppliers Macadams International.

But, enter Eskom, things are far from equal. Although burners require a whole lot more regular maintenance and additional extraction capacity to remove exhaust fumes, incurring additional costs, they could be a viable option for retailers in our current energy environment. Energy, whether it be electric or fuel, is increasing in price. So what can you do?

In times of outage, you will still need a generator to run equipment that produces your dough – such as mixers, proofers, dividers. So you, the retailer, need to weigh up what will suit your environment and your pocket. The cost of using generators to run your electric ovens will probably never be recovered in the sales price of a product, says MacMeeking, but they can help you absorb the cost of wastage and loss of feet in-store if your customers look elsewhere for their luxury treat or dietary staple. **SR**



# Creating the 'universe of one'

## How technology can take FMCG marketing to the next level



By Andrew Dawson

Commercial Director of MACmobile

The Fast-Moving Consumer Goods (FMCG) and retail sector is under pressure, but there are still opportunities for margin to be made. The trick is to optimise the distribution channel while concurrently tailoring marketing to individual customer requirements. Intelligent application of data analytics can help take FMCG marketing to the next level by facilitating Just in Time (JIT) manufacturing and distribution. It can also boost marketing efforts by enabling them to become customised at a granular level based on individual customer preferences and buying patterns – creating a concept known as the 'universe of one'.



### The detail is in the data

If we consider how the FMCG market is moving, the only way manufacturers will be able to differentiate themselves will be to become extremely efficient and customise their marketing efforts. Retailers have huge amounts of extremely

granular data available at their fingertips through sales information and loyalty programs. The key to unlocking opportunity in the distribution channel lies herein.

By analysing data on rate of sale at a regional or store level, manufacturers can leverage the ability

to optimise both manufacturing and delivery to meet actual needs – not predicted needs – based on a best guess estimation. However, this can be taken a lot further. With technology that is available today it is entirely possible to customise a purchasing experience down to the individual



customer and their needs and preferences.

Social media provides a plethora of information about individuals that they willingly share. This can be harnessed for accurate sentiment analysis, and combined with sales data about the individual which is gathered by store cards and loyalty programs. Using this information, retailers and manufacturers can gain an incredibly detailed picture of their customers, their buying patterns, their spending habits, what products they purchase together, how often and so on. This data and the insight that can be garnered is hugely valuable.

The end goal should be the 'universe of one' concept. When a customer enters a store, the retailer's app can use geofencing technology to push customised offers directly to the customer through the data available. Marketing can be delivered based on what they like and buy, with messages tailored to their specific preferences.

This can even be taken a step further, by offering customers recipes that can be made with ingredients they typically buy and other value adds. Retailers could even offer a customer a complimentary coffee in their coffee shop while a personal shopper fills their basket based on data that determines their typical basket, and with mobile payment options this can also be completed in-app. Loyalty rewards can also be customised with what people actually want, based



on analysis driven by actual behavioural data. The possibilities are endless thanks to technology and enhanced data analytics capabilities. The key is to create real personalised marketing, and the detail in the data is what makes this possible.

**Collaboration is key**

Personalised marketing is entirely possible because the data already exists and technology can facilitate this. It is already being done overseas and offers potential for differentiation and increased margins in South Africa.

However, the traditionally siloed and segmented approach needs to fall away. Success in the FMCG space now relies on becoming personal and satisfying individual customer needs as well as regular, customised communication.

Both retailers and manufacturers need to buy into greater social awareness and collaborate in order to drive insight based on all available information.

Granular data is essential to understand purchasing patterns, rate of sale, even information such as what products people buy on what day of the week and at what time of day.

Armed with this information, stock holding on shelves and in store can be optimised, and taking this down the value chain, manufacturing and distribution can move to a more efficient model. There is a vast amount of science that can be applied to data

that can be used to optimise marketing and distribution throughout the value chain.

**A data-driven approach for a digital world**

The current challenge the FMCG space faces is that there is a disconnect between the various areas and between the value chain and the customer.

Data analytics drives intelligence which is required to make marketing more meaningful and decisions more accurate. The key to success in a pressured economic environment is to understand the data and the dynamics and specifics of each aspect of the value chain, including individual customers. Ultimately driving optimisation and consumer engagement both require data, which has fast become the ultimate differentiator in a digital world. **SR**



**SUPER-FAST.  
SUPER-RELIABLE.  
SUPER-CONVENIENT.**

**No one delivers like we deliver.**

SG Convenience is the only true multi-temperature convenience distribution company in South Africa, sourcing brands and products of only the highest quality. We warehouse, package and deliver frozen, chilled and ambient products, all in one delivery, anywhere in South Africa. As the unified link between manufacturer, retailer and customer – we serve as a one-stop shop for our customers and principals. True convenience. True efficiency. True value.

[www.supergroup.co.za/supply-chain-africa](http://www.supergroup.co.za/supply-chain-africa)

**Gauteng:** +27 11 387 3330 **KZN:** +27 31 702 9450

**WC:** +27 21 561 4000 **EC:** +27 41 486 3778 **George:** +27 44 878 0123

**Mpumalanga:** +27 13 750 0839 **Bloemfontein:** +27 51 015 0030

**SG|convenience** 



# Checkers Sandton City gets a facelift



**S**andton City, built in 1973, has long been the shopping beacon in this wealthy Johannesburg northern suburb. Many malls have opened since then within a 30 km radius, but Sandton City continues to be the main magnet for most retail brands and its thousands of followers.

The shop front from the Checkers Court is wide and inviting

**T**he Checkers store has been in Sandton City since the inception and has had many revamps over the years.

The latest facelift lasted for nine months during which the store was closed to the public as the sales area of the supermarket and the GMD section, called House and Home, was merged into one area for storage and sales area.

The revamp has elevated the 5 000m<sup>2</sup> store into

the Fresh X store category with its beautiful service areas, energy efficient lighting and 'silent floor' that have become trademarks for the new look of upgrades in Checkers stores. The floor tiles are made by Geflor, an international flooring specialist, domiciled in Dubai. Customers are getting used to the smooth shopping experience as a result of the new flooring that cushions the customer's steps and allows for a silent trolley trip.

The store is equipped with 20 checkouts plus a further 12 express tills, an indication of the number of convenience shopping trips made by the hundreds of office and shop workers in the centre and surrounds. Three of these express tills are located within convenience areas throughout the store.

The store dedicates about 25% of its space to the revamped and upgraded fresh service areas



and most of the innovation has taken place within these areas of freshness.

Examples include...

- An upgraded chicken rotisserie that churns out large volumes of roast chickens
- A 'Lazy Susan' concept called the Focal Point, where staff can just rotate the display and access a variety of product displays in a square metre, either refrigerated or in food warmers
- Fresh pizzas are baked on hot bed oven
- New focus areas for their confined labels, such as Oh My Goodness meals and snacks for young people and the Simple Truth range of health and wellness products
- External supplier Schoon breads now has a presence in this store to complement the bakery range produced instore
- A well-stocked wine section located in the middle of the store with window access to a delicatessen area, where snack platters can be prepared for the wine tasting. Due to its upmarket location, the wine section boasts all the top imported ranges of champagne and sparkling wines
- The Open Kitchen demo stand is equipped with a public address system and the person demonstrating the latest recipes can address the attending public and explain the process of preparing a meal
- The fresh fish department also prepares cooked fish options and the lunchtime queues are testimony of the success of this innovation



The store is spacious enough for special displays such as this Kombi in the fresh produce department



Both open and closed refrigerated displays are used in the produce area. In this case, the hydroponic range is kept under better climate control with the use of glass doors. The doors are also used to educate the public on hydroponics

- The butchery sports a 600kg wooden block where man-sized steaks can be cut to the specifications of each customer
- A new range of Farmer Deli cold meats in prepacks occupy a whole refrigerated gondola end
- ChocoLux is a bespoke chocolatier now available instore and nearby a coffee station is manned by baristas who continuously interact with the consumer.

The store trades from 9am to 8pm daily, excluding on Sundays and public holidays when it closes at 6pm. The staff complement is 292.

There has been a focused drive to eliminate plastic from the store and several paper packaging products are now available to the clientele.

The new Checkers Xtra Savings loyalty card was evident throughout the store, which offers exclusive deals and discounts to the cardholders.

This store is certainly a beacon of new ideas and elevates the Checkers Hyper model to a new level.



Consumers can source living herbs which can be transplanted at home and used fresh from the plant as required



Chocoloza is a franchise operation and specialises in hand-made chocolates. It was founded by Vicky Bain, who learnt her chocolatier art over 14 years in Belgium



The specialist coffee section is also a franchise. Coffee beans from Africa and elsewhere can be mixed and ground to the customers' specification



The sushi bar gets busy over lunch time, but clients can take home a variety of sushi dishes freshly made every day

This refrigerated wall is dedicated to convenience meals and consumers are guided by easy-to-read signage



The coffee shop is centrally located in the fresh food area and customers are encouraged to source their meal or snack from the surrounding departments or from the nearby Kauai counter (the first franchise in a supermarket)



Foods from around the world are available for the upmarket Sandton clientele – both dry goods and from this refrigerated facility



The wine section is located right next to the cheese and deli counters and shoppers are enticed into the area through two doors



A special area has been allocated to wine tasting (see automatic wine dispenser in the background). A window hatch into the deli area allows the shopper to order a platter of food to enjoy with the wine, while well-trained personnel advise on the best food pairing ideas



A general view of the in-store wine section which focuses on more upmarket products including imported sparkling wines





The liquor store now flows from the store and stocks every need for wines, beers and liquor



Various parts of the general merchandise displays allow the consumer to touch and feel the products before purchasing and trained advisors are at hand to assist the shopper





The serving island with four display areas includes a Meze section with Greek delicacies such as olives, tarama and dolmades

Checkers have chosen the cheese bar as a focus point of the shopper's trip and the Sandton City site is an ideal opportunity to display the wide range of local and imported cheese options



Another side of this serving island is dedicated to cold meats, expertly sliced for those consumers who do not want pre-packed cold meats (also available in-store)



A salad bar and a fruit bar complete the layout of the serving island and the consumer is spoilt for choice



This 'Lazy Susan' display is termed a focal point by Checkers. The easy-to-turn display gives the consumer a good look at the products on display and can be easily reached by the serving staff



The hot foods area (home meal replacements) is well patronised, especially by the office workers from the Sandton business community



This fun display is a drawcard for busy moms who can find the OMG (Oh My Goodness) range of healthy meal options for their children of all ages, including healthy snacks



The Simple Truth range of healthy snacks and meals is also available in the fresh produce area

# Weighing | Labeling | ESL

*Searching for  
a New Balance*



Teraoka S.A. provides, through its 10 branches nationwide, superior Sales and Service of Electronic Scales, Automated Weighing, Wrapping and Labeling Systems, Thermal Printers, Inspection Equipment, Self-Adhesive Labels, Electronic Shelf Labels and related Consumables for both the Retail Supermarket Industry as well as the Food Manufacturing Industry.



@teraokaSA



Head Office: JHB



National Network



+ 27 11 613 4291



Help Desk Support



info@teraoka.co.za





The consumer is spoilt for choice in the bakery. On-premises baking takes place the whole day long



Schoon artisanal bread from Cape Town is now available in this store and the consumer is educated by the clear signage on the benefits of consuming this bread range



New ranges of confectionery have been added, whether it is slices or whole cakes



The Open Kitchen is a new concept for this store. Live cookery demos take place on a variety of products (the demonstrator uses a microphone and speaker system) and consumers are invited to taste the fare and learn more about its cooking



The serving area of the butchery has been divided into two areas (separated by this 600kg wooden meat block). At the back is the meat-ageing display and the counter has a wide range of sosaties, ready for the oven or the fire



The fish section is well supported by the Sandton clientele. This queue was in line for their cooked fish meal at lunch time. *Right:* The Fresh from the Sea range is a new innovation for Checkers and specialities such as crab meat, lobster tails and caviar can now be found in this store



The meat serving area displays some primal meat cuts and the customer can request the staff in attendance to cut the meat to their personal needs



Pre-packed Wagyu beef is available at R549 per kilo. There is nothing better in the market





This range of sliced cold meats is now branded under an exclusive brand to Checkers



Right next to the butchery, the shopper can access the braai and outdoor areas. Every single need for an outdoor meal has been catered for



Every piece of furniture and equipment in the store has been replaced. This view shows the made-to-measure refrigeration equipment sourced from Argentina, produced to Checkers' design requirements



The gardening section is another comprehensive area where the housewife or her partner can source any item required for a household garden



The choice of toys is enormous, ranging from toddlers to young teenagers and one is sure to find an item to satisfy every need



The store has allocated almost 300m<sup>2</sup> of space to a toy section – the largest such section in a Checkers Hyper.



The focus on babies is a core area of the store. Three alcoves of shelving cover every mother's need for her baby from birth up to the age of five



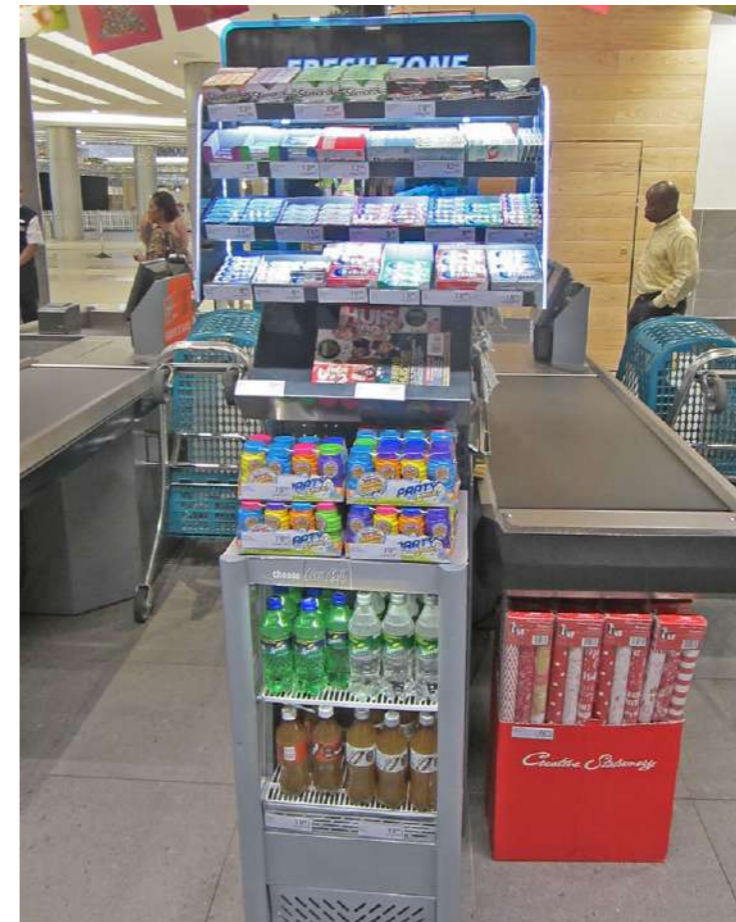
The health and beauty area has received special treatment and suppliers are offered choice positions to market their products



The Money Market counter now has eight serving points, an indication of how well this part of the business is supported by the shoppers

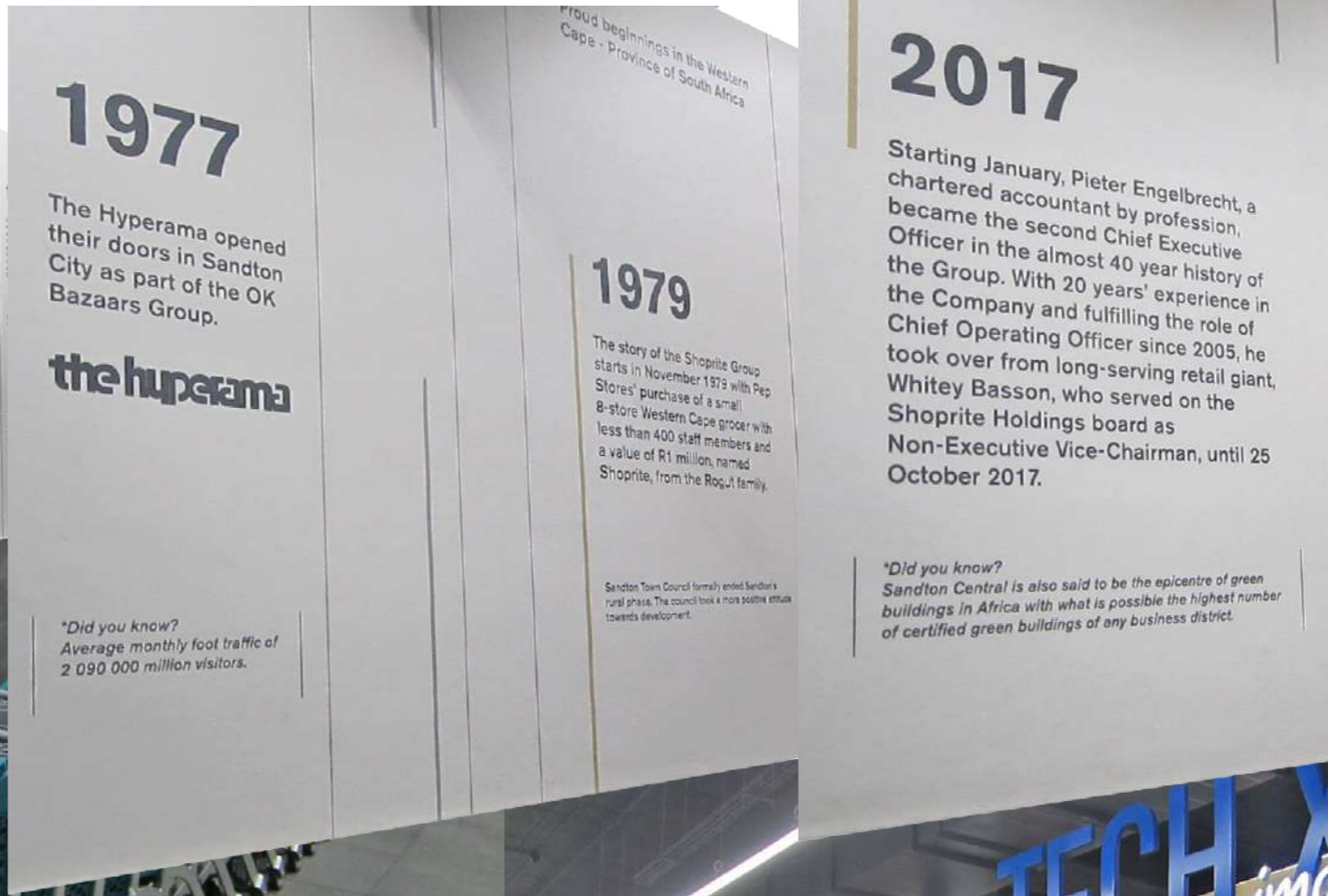


The Medirite pharmacy has been given a prime spot after the H&BA area and is also fitted with a counselling clinic



The stands for the checkouts have been redesigned and have become an accessible and uncluttered display of impulse lines





This wall was used to illustrate the history of Sandton and the store's heritage in South Africa's richest square mile



This Kauai counter is a first for the company and is positioned next to the sit-down area and coffee display

TechX is the name given to an area dedicated to technology, audio and electronics



# Risparmio Casa takes the lead in seasonal merchandising

By Antonello Vilardi,  
adapted by Hippo Zourides

**R**isparmio Casa, an offshoot of the Italian Iper group of stores, has taken the lead to not only present a household solution to local shoppers, but to also turn the various Italian calendar events into a destination, where the consumer can find the whole solution under one roof.

The literal translation of the Italian name is 'household savings' and the shopper is in no doubt about the offer as she enters and shops the store. Obviously, convenience and customer service are added to the formula and the result is a successful destination for any time of the year.

Certain special events are celebrated by the store and its buyers ensure that the selection is unbeatable in both depth and price. Themes include: Carnival, Gardening, Valentine's Day, Easter, Camping/Picnic, Time on the Beach, Halloween and Christmas. The evolution of this large-scale specialised distribution model, is gaining considerable popularity in Italy.

As the chain expands across Italy, it has embarked on an EDLP (every day low price) strategy supported by theme promotional activity.



At the moment, there are 120 stores with about 2 000 employees. Most of the stores are under direct management (not franchised). Each store's sales area averages 1 500 square metres.

The shops order twice a week from a centralised logistics platform (located in the city of Pomezia, near Rome) and receive their goods within two days, in the morning.

The store name illustrates what the consumer will encounter when crossing the front door – Risparmio Casa, means 'household savings'





Alcoves create a 'store within a store' feel and many specialist departments are treated in this way

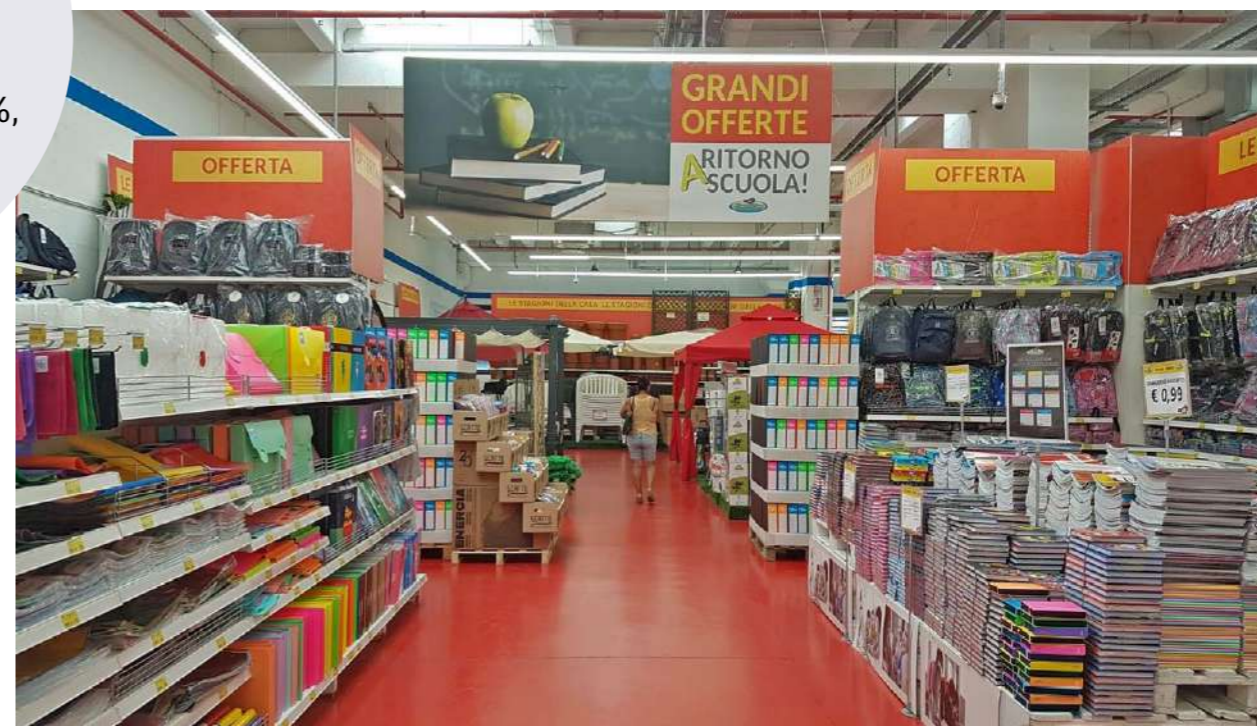


Due to high labour costs, the store specialises in cut case displays. The middle shelves in every alcove have been reduced to 1,4m height so that the whole department is clearly visible to the shopper

Over the total sales of the various stores, the departments average:  
Detergents 40%,  
Perfumery 25%,  
Households 15%, Toys 5%,  
Stationery 5%,  
Seasonal 10%.



The consumer is afforded a large choice of products throughout the store



Back to School is an area that excels in September (when Italian schools open), but also at Christmas/January when the pupils return from the holidays

The shops cover the entire Italian peninsula (about sixty million inhabitants), predominantly in the central-northern part. They have a self-service sales methodology, which can be defined as a sales format specialising in chemical groceries and bazaars.



This toy alcove breaks the mould and the shelves are loaded with exciting options for the children



In keeping up with the household theme, the store has a wide range of outdoor merchandise for the home, the garden, the beach and for camping



The gardening alcove is big enough to allow space for this typical Italian vehicle as a special flower display



The store always makes a special effort to celebrate various Italian family holidays such as Christmas, Valentine's Day, Lent, carnival, Easter, summer on the beach and Halloween **SR**

# A big stick for errant retailers

**W**hilst retailers in South Africa are complying with the provisions of the Consumer Protection Act (CPA), there is a significant impact on the promotion expense in the organisation.

Implementation of new methods of promotions in order to be compliant has resulted in increased promotions expenditure of between 10 and 20%.

Retailers also incur added administrative costs since they have to carry more stock, even before they commence with a promotion, due to the restrictions placed by the CPA. They are unable to advertise the items on sale if they physically do not have the stock. For a small business, this could mean thousands of rand's worth of stock must be ordered, before the advertising commences, with the hope of the stock being sold. Businesses also incur added insurance costs to cover the loss and theft of stock.

They also need to continually find new methods of increasing their databases so that customers constantly view their promotions, resulting in additional promotional costs. Retailing is further impeded by the implied warranty, which allows consumers to return faulty goods and get the seller to repair it, replace it or get a full refund within the first two weeks. Returns to suppliers are costly to administer and it can be quite challenging for the retailer to track and provide feedback to the customer, since the entire returns process could



take several months to be finalised.

Retailers are having a hard time under the stringent regulations of the Consumer Protection Act (CPA) which restricts how they market themselves and approach customers.

The CPA has resulted in increased standards in all spheres of marketing and business practices to ensure that all parties that transact (suppliers,

importers, exporters, wholesalers, manufacturers and customers) are not compromised in any way.

Currently, the CPA gives content to consumer protection by providing for, amongst other things, protection against discriminatory marketing, the right to restrict unwanted direct marketing, the consumer's right to a cooling-off period after direct marketing, the right to information in plain and



understandable language, the disclosure of the price of services, the prohibition against unfair and unjust contract terms, and the need for written consumer agreements.

It was imperative for the CPA to be enforced to assist historically disadvantaged persons to fulfil their rights and to promote full participation as consumers. They did not have access to specialised knowledge and did not receive the support of lawyers or specialists.

With significant levels of poverty and unequal distribution of income, high legal costs may have presented a barrier to justice. The more susceptible consumers are, the more protection is required.

The preamble of the CPA acknowledges the reality that many South African consumers are poor, illiterate and live in rural areas; are minors, seniors or other similar vulnerable consumers.

Previously there were distinct differences in terms of service delivery, quality and access to products that were offered to different segments of customers in retail business. Chain stores offered inferior quality goods to Blacks, at the same price

as superior quality goods. Banks made access to housing loans to historically disadvantaged groups difficult. Black customers were restricted from entering certain areas or from obtaining accommodation in certain places.

After the scrapping of Apartheid laws, customers were not prepared to settle for sub-standard goods and services. During the transformation, Black customers in South Africa have become more discerning. Even though many people in South Africa lived in rural areas, they also possessed cellular phones.

The impact of this factor caused a definite shift in the way marketing was carried out to cater for the needs of rural communities as well. The fact that the majority of the population was accessible daily via email and SMS, led to a change in marketing methods to capitalise on the fact that people were online at all times. Armed with more information, customers have become more sophisticated and demanding.

The CPA is multi-faceted and ensures that consumers are able to make informed purchasing decisions; that a variety of products and services can be accessed; that the marketing and selling practices are based on sound principles; have efficient redress; and are well-informed about their rights and responsibilities. The customer became the focus in the transaction and the balance of power no longer lies in the hands of the retailer.

By ensuring adequate standards of goods and services, the CPA has forced businesses to become more responsible in terms of providing such

services. The CPA now provides for a much broader mechanism to protect consumers and applies to all forms of promotions conducted by retailers.

Apart from the fact that businesses have to comply with the Act to avoid penalties, a competitive advantage can be gained. The competitive advantage is a by-product of trust and satisfaction from fair purchases which in turn results in consumer loyalty. Consumer loyalty results in more positive word –of-mouth referrals, leading to more consumer spending. Therefore, businesses that emphasise that they are CPA compliant will benefit from this Act. Businesses are indeed becoming more socially responsible and it is envisaged that consumers' perceptions and expectations of businesses' ethical behaviour will be vital determinants of market share and sustainable growth. If customers perceive a business to be compliant with all the applicable legislation, and are socially responsible, then the business is positioned better in the marketplace as customers want to deal with them.

The CPA actively promotes and propagates the ideal of Corporate Social Responsibility (CSR). By relating CSR activities with augmented customer value, businesses are able to achieve a competitive advantage. Ethical business practice means doing the right thing. An organisation's performance is no longer judged on profit alone. More and more emphasis is being placed on businesses to become better corporate citizens and to invest in making society a better place. A corporate is a legal entity recognised by law. It therefore has to abide by

statutory principles of corporate governance as prescribed by law. In terms of the CPA, companies are compelled to appoint a 'social and ethics' committee to observe and provide feedback on their undertakings regarding 'social and economic development', 'promotion of equality' and 'social development', especially in the areas in which they are based. These core principles overlap with the King 111 Report on Corporate Governance, which stipulates that 'social injustice has to be eradicated'.

The Companies Act of 2008 has also placed a significant amount of pressure on business practices. Businesses have to comply with best practises at all times in terms of ethical processes, ethical marketing and ethical products. Customers are very sensitive to ethics in business and will support only those businesses that are deemed to be transparent. Thus businesses need to adopt a changed focus in respect of the ethical aspects of the organisation's business practices. Triple bottom line, corporate governance, CSR and broad-based black economic empowerment (BBBEE) indicate a major change from the belief in previous eras that organisations are only in existence to make profits.

Businesses are indeed becoming more socially responsible and it is envisaged that customers' opinions and anticipations of businesses' moral stance will be critical factors determining sustained market share, viable growth and advancement. Responsible retailers and marketers want to understand and respond to society's expectations of what it means to be a responsible retailer or

marketer. It is important to consider sociological jurisprudence and to ascertain how the law impacts on businesses and the consumer. In essence, the CPA cannot function without anyone transacting.

Businesses are aware of the fact that consumers are beginning to reject products they regard as not being ethical or inferior, and businesses with a strong social responsibility structure are benefiting from being transparent and upholding strong values. The following compliance measures assist retail businesses whilst conforming with the CPA: 'consumer education', 'employee training', 'access to emergency funds', 'purchasing of insurance', 'customer consultants', 'quality-assurance', 'refunds, replacement and compensation'. Good ethical behaviour is noticed by customers, which encourages more support for good ethical brands and in turn increases sales and revenue. The idea undermining CSR is to "do good for the people and the planet without sacrificing profits".

It begs the questions: Is being CPA-compliant

right or wrong / good or bad for the customer and bad for businesses? Is it good for the greatest number of people? Does the CPA actively promote and propagate the ideal of CSR? Have businesses become CPA compliant out of duty or obligation?

Business now has a broader social as well as compliance role to play. It has been suggested that even suppliers within a company's supply chain ought to be CPA-compliant. Being BEE compliant on its own is a costly mission for businesses currently. To be "CPA Compliant" would certainly put added pressure on businesses throughout the year. There are so many facets to CPA compliance for businesses. What would the deliverables be? One would have to wait and see if this becomes a compliance pre-requisite. **SR**



# Consumers prefer personal touch in purchasing decisions nielsen

**N**inety-three per cent of consumers still prefer talking over tapping (with 89 per cent) when it comes to sharing their brand experience or seeking recommendations, according to a recent consumer study released by global measurement company Nielsen.

The Nielsen Digital vs. Real Life survey was conducted among more than 3 300 consumers across eleven countries: Australia, China, Germany, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, Thailand, and Turkey. The fieldwork was conducted from September 23 to October 4, 2019.

The sample was sourced from external sample providers and includes internet users who agreed to participate in the survey, with quotas based on age and sex for each country. It is weighted to be representative of internet consumers by country.

The obsession around social media creates the illusion that digital reality rules, putting all real-life communications on the backburner. However, Nielsen's Real Life vs. Digital Life report shows that although consumers are actively engaging online, word-of-mouth or real-life conversations have a stronger influence on consumers' minds and, therefore, their purchasing decisions.

More than half of respondents (58%) confirmed that word-of-mouth influences them greatly (vs. 46% for social media), while 71 per cent indicated that real-life conversations make an impact on their purchasing decisions.

"Word-of-mouth has always been and remains one of the greatest enablers for marketers in the battle for consumers' hearts and minds, and it is crucial to understand the way you can leverage its opportunities for your brand," said Ms. Sue Temple, Vice-President, Global Consumer Insights, at Nielsen. "It is easier for us to trust people we know – friends, spouses, and colleagues – than unknown personalities on social media, so to unlock this opportunity for business more effort is needed in ensuring a positive experience, which will encourage customers to share their experience within their personal network."

## **The more they use, the less they trust**

Global consumers are very much tending to go digital and use social networks more often, but when it comes to trust they still rely on more traditional channels. Newspapers have a Trust to Usage index of 240, outdoor/billboards 178, and magazines 162, against internet/digital media's





much lower 78. Millennials (born between 1981 and 1996) happen to be the most loyal audience for all channels, with newspapers being the most trusted channel (with an index of 356) for them, while Baby Boomers (born between 1944 and 1964) are sceptical towards all channels and the Silent Generation (born between 1925 and 1945) has a clear preference for newspapers (with an index of 241).

“With social networks rising in popularity over the last decade it is no surprise that their use and spread among all generations is leaking into consumers’ everyday lives,” Ms. Temple said. “Nevertheless, the quality of digital communications hasn’t developed at the same pace, and having been burned too many times when dealing with fake news, frauds, and data breaches, consumers respond with less trust of information shared via new media.”

Australia, Germany, and South Korea are ahead of the curve with word-of-mouth dominating over social media, with it having the strongest “influence level” on consumers’ minds and purchasing decisions. Furthermore, manufacturers and retailers should be mindful when allocating their marketing and advertising budgets between “Tap” and “Talk” across markets, as the most trusted media differs by country, skewing towards digital media in Mexico and Turkey (71% and 61%, respectively) versus a more even split between TV and digital media in Australia and Germany (34–35% for each media in both countries).

The reasons to go digital vary across the regions,



but on the top of the list is when consumers seek recommendations (46%), find it interesting to read something online (42%), or wish to share their own experience (38%). Most consumers express their personal opinions in real life because they are sharing their experience (45%), commenting on exclusive deals and offers (42%, and would like to recommend good products (42%).

“That being said, consumers are taking on the role of observer when online,” Ms. Temple explained. “They are on the lookout for information about products, and relevant and interesting content may inspire them to take the dialogue offline. It’s crucial to understand the link between the two – digital and real life – and what triggers having a broader discussion about the brand. Clearly, real

life conversations remain consumers’ comfort zone; a way to share true emotions with their community. When impressed by the experience, they can easily become brand ambassadors.”

At the same time, more consumers prefer to talk about brands in person rather than posting online, and countries dominated by the older generation – Australia, Germany, and South Korea – are at the head of the trend, contrary to Indonesia and Thailand, where consumers prefer to post more about their experience with the brand. “These regional differences have a direct impact on the efficiency of marketing campaigns,” she said. “Knowing who are the most probable influencers will help in sharpening brands’ social media campaigns.” **SR**

# Social media trends for 2020

By Charne O'Haughey

Social Specialist at Reprise Digital South Africa

It's clear that social media has become an integral part of people's lives, forming a large part of their daily routine. So how are we, as marketers and businesses, connecting with our target audiences in 2020, given that there is an already large flock to social platforms?

This can prove to be extremely difficult for brands, especially when it comes to standing out in an already crowded space, unless of course you have a clear social media marketing strategy fuelled by staying up to date with the latest social media trends. Below are five big moves to keep your eyes on:

## The use of ephemeral content

As in Facebook, Instagram, Snapchat and WhatsApp Stories (with advertising opportunities starting for the latter this year). This temporary content takes advantage of real FOMO by only being accessible for a brief period. Attention spans are short and looking at how consumers consume information on social media, being pulled here and there – scrolling – swiping – laughing – scrolling – reading – scrolling – forgetting it all, makes ephemeral content appealing and more engaging as users are encouraged to create user-generated content, partake in polls, Q&A's and so much more. This type of content is more spontaneous and allows brands to connect in a unique way, becoming recognised as more human, relatable and reliable.



### Social commerce expansion

While we know that dominating platforms such as Facebook, Instagram and YouTube have been long used by brands to sell their products, it's safe to say that social commerce has become a new retail avenue for brands and this is going to rise in 2020 with more brands climbing onto the bandwagon.

More niche platforms will follow suit by introducing selling / shopping posts. We will see these channels becoming mainstream retail on par with retail websites and offline stores. This means that competition will be fiercer, challenging new strategies around content and implementation on these already crowded platforms.

### Domination from video content

Across all social platforms that may have been traditionally dominated by image or text content, it is clear that the most engaging form of content is video and this goes hand in hand with mobile users. Users are twice as likely than TV viewers and 1.4 times more likely as desktop viewers, to feel a sense of personal connection to brands that show video content or ads on their devices. As data continues to become cheaper, we can expect to see a significant increase in video content consumed by South Africans.

So whether it be short ephemeral content or long form YouTube videos, it is important to utilise video content in order to stay on par in the social media domain.



### Personalising segmentation

While a brand has a main identity (with many sub factors), a key aspect we are able to leverage off of is the ability to personalise ads to reach different target segments. Social platforms offer advanced targeting options, including customisation of audiences and on various platforms we can include more than one primary copy, headline copy, description copy, and customisable placements. Personalisation will continue to rise with platforms serving ads to users who have showed interests in similar products from different brands.

### Customer service, customer service!

We have established that social platforms have

evolved into retail platforms, product discovery platforms, awareness platforms and now customer support platforms! This trend began gradually as a result of delayed / no response through various other channels. From there, brands started directing users to the correct channels to use. It's not just some one-off cases where customers post their questions or complaints on social media and brands respond. Now, it has become a significant enough customer service channel for brands to recognise it as one.

Social Media is dynamic, and it is important to leverage these trends which will dominate the social media landscape in 2020 in order to stay ahead of competitors and to woo consumers.

Happy clicking! **SR**



## National 2020

### Power & Electricity World Africa

31 March | Johannesburg

As Africa's largest energy exhibition, Power & Electricity World Africa creates a platform where leading solution providers can showcase a wide range of technologies aimed at helping transform and innovate the African energy sector. Their mission is to bring together the entire energy sector in Africa to learn, be inspired and exchange ideas.

The conference brings together the brightest and most innovative minds that are shaping the way we generate energy and meet growing demand across Africa!

### Liquor Brand Marketing

02 April | Sandton

Targeting SA professional liquor brand marketers continuously evaluating radical lifestyle changes, differentiating offerings, brand positioning, the media and creative mix. Speakers will be addressing the issue of positioning and associating brand image with proactive target influences. You will learn from 10 very experienced and proven professional liquor marketers. Interpreting lifestyle signals – astute insights; smart practices. Changing tastes are driving changing liquor preferences, consumers want excitement and fun and that's what liquor communications should be all about, and the power of digital allows for engagement.

### Mpumalanga Wine Show

03 April | Nelspruit

The 11th Mpumalanga Wine Show takes place at the Emnotweni Arena on Friday and Saturday 3 and 4 April 2020. Lowveld wine lovers should make it a date night for an evening of great wine tastings. Connect with winemakers or their marketing representatives while tasting an array of more than 250 of South Africa's best wines – all available for both sampling and purchase via Shop@Show.

### BooBaloo Expo for Moms, Tots and Babies

03 April | Pretoria

The Expo provides knowledge-hungry new parents the opportunity to engage with professionals for indispensable advice and workshops. New parents can join engaging seminars and hands-on workshops held by expert educators, physicians, and renowned brands under one roof, delivering the tools and education families need for their growing household.

### Seamless Southern Africa

06 April | Johannesburg

This is the key meeting place for the brave new world of commerce. An event built on 20 years of experience – a seamless continuity from Asia's largest and longest running conference focused on cards and payments, to a dynamic summit and large scale exhibition, bringing together the converging worlds of ecommerce, retail and payments.



### SA Cheese Festival

25 April | Near Stellenbosch

Come and experience why this award-winning festival deserves its most recent accolade as the Cape Winelands' 'Festival of the Year'! Discover the biggest variety of local and international cheeses, explore exciting taste combinations, browse and buy the finest niche produce, and enjoy a relaxing day out with family and friends.

### Decorex Cape Town

30 April | Cape Town

The Decorex Designer Collection, bringing together nine of South Africa's most trend-forward, popular designers and artisans, who each contribute towards the signature range of summer-inspired products made using materials and textures that include clay, porcelain, wood, hand printed textiles and recycled glass.



## International 2020

### Casual Dining Trade Show

25 March | London

A dedicated trade show aimed at the highly successful casual dining market, in which the UK is rapidly becoming a world leader. The UK's high streets are dominated by well-known casual dining brands, such as Carluccio's, PizzaExpress, wagamama, Strada, Nando's, Gourmet Burger Kitchen and Cotê, whilst traditional pubs across the country have increasingly shifted their focus to concentrate on providing a quality food offering

### Food & Drink Expo

30 March | Birmingham

The UK Food Shows offer an unparalleled meeting point for the entire food and drink community – a first up fixture in every food professional's diary. Five shows covering the complete UK supply chain – Food & Drink Expo, Foodex, The Ingredients Show, National Convenience Show and Farm Shop & Deli Show.

### Food & Beverage Asia

31 March | Singapore

As the largest showcase of international food & beverages companies, FHA-Food & Beverage is set to be the centre stage for eclectic tastes of tomorrow. Bringing together over 57 global group pavilions, FHA-Food & Beverage will definitely be an iconic event in the calendar of key industry buyers who are always on the lookout for new and interesting food trends and suppliers.

### ProWine Asia

31 March | Singapore

World's Leading Wines & Spirits Trade Fair Returns to Singapore! Setting the stage for international producers to foray into the increasingly affluent South-east Asian market, ProWine Asia 2018 – the largest trade fair of its kind in the region, will feature a wide congregation of international wine and spirit labels and an extensive scope of solutions and concepts tailored for the region's diverse consumer markets.

### Seafood Expo Global/ Seafood Processing Global

21 April | Brussels

Seafood Expo Global/Seafood Processing Global (formerly the European Seafood Exposition/Seafood Processing Europe) is the world's largest seafood trade exposition. If you are a professional seafood buyer, you do

not want to miss this event. Meet face-to-face with suppliers.

### World Retail Congress

28 April | Rome

The World Retail Congress brings together the leaders of today's global retail industry from the established market leaders to the most innovative start-ups and disruptors; from national market leaders to the most international. What unites them all in this fast changing new retail landscape is their focus on serving the needs of today's consumers and ensuring that their businesses are dynamic, evolving and focussed on delivering innovation.

### Retail Business Technology Expo

29 April | London

Discover retail's high-energy future. Change means opportunity – if you know where to look. So what's beyond the current horizon for the retail customer experience? Join them in London and discover the answers you need, across three unique zones. **SR**

**Please note:** As proactive measures are taken to help limit the spread of the Covid-19 virus owing to health and safety concerns, flexibility and adaptability are required. It is a fast-changing situation, so it is best to double-check whether there has been a decision to postpone or cancel any of these trade shows or public programmes.

