SUPERMARKET & RETAILER

PROFIT FROM MARKET FIRST INFORMATION

ISSUE 3, 2021

Power to the people
The energy question

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Energy savvy: Power to the people
Cable theft, aging and failing infrastructure and extended delays when it comes to bringing new power supply units online make the situation untenable for most power-dependant businesses. Understanding where your electricity goes, how you use it, and how to save it, is therefore critical. Ann-Baker Keulemans looks into the key question: "Why are efficiency and sustainability essential for future-proofing your business?"

From Dairy to Cheese to Ice Cream, and Everything in between

By Marguerite Sanders. The Dairy category is a favourite for many consumers – but it needs an agile, multi-pronged approach to maximise its potential.

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Jaime van Aswegen went to the opening of this new store which follows the motto, "Stack them high and watch them fly." It is the group's 21st retail store in and around South Africa with another 10 outlets set to open over the next year and a half. The flow of fully stocked fridges and freezers throughout the store allows for the attractive premium house brand, Food Land, and their economy private label, E-food, to truly shine amongst other quality brands available.

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Resurrection, Rejuvenation, Reinvention

Helen Maister

Retailers have been working flat out since the beginning of lockdown. Okay, let's be honest, retailers have been working flat out since birth (in this industry). Easter holidays have given many retailers the chance to take a break and a moment for rejuvenation.

Q1 has been a bit sluggish, but the outlook is good. Government is being proactive in getting the economy going and getting a grip on corruption. Uncle Cyril is looking steady in his position, while Niehaus, Ace and the RET faction look like they are losing traction. Sanity will prevail and therefore a more conducive business environment.

Vaccine roll-out has started, sluggishly is the understatement, but Discovery have negotiated hard to help government with the roll-out for the nation. As always the private sector will carry the ball. Without us, there is no resurrection of the economy.

Reinvention – the race for roof space is on! What do I mean by that? Every solar/power organisation is vying for your roof space. Load-shedding and interrupted power supply has given this industry legs in South Africa and they are coming for your roof tops.

A secure and reliable power supply is essential for the profitable operation of today's retail outlets. Supermarkets are one of the country's greatest commercial energy consumers and, with costs rising rapidly, energy efficiency and sustainability are a key focus for all retail groups and independent stores.

Cable theft, aging, failing infrastructure and extended delays when it comes to bringing new power supply unit's online make the situation untenable for most power-dependant businesses. Understanding where your electricity goes, how you use it, and how to save it, is therefore critical.

GG Alcock, writing about *Kasi* hawkers, says ...

> "Beware of the term informal. It misrepresents these spaces, creating perceptions of disorganisation, free-for-all, low income and transient traders. None of these terms are true for more than 80% of hawkers and table top traders, with most of these traders resident and trading where they are for anything from two to 15 years and making very decent incomes from their trade"

Dairy – The current dairy landscape in South Africa MilkSA's Quarterly Reviews of the Performance of the Dairy Industry for 2020 Q3 and Q4 show that the demand for dairy products in South Africa held firm during and, in spite of, the last four consecutive quarters of negative economic growth in 2019/20, and the impact of the 2020 Covid-19 lockdown in SA. "This indicates a positive perception amongst consumers about the importance of dairy in their daily diet," says Bertus van Heerden.

While price, quality and freshness are critical factors driving the success of dairy sales, there are other drivers within the many sub-categories that are important to consider when looking at ways to grow your sales, says Marguerite Saunders

Aki Kalliatakis says, "Customers want us to help them in a manner which is confident, certain, flawless, seamless and smooth. They want you to show them the right way, to take the leadership, to be the example, and to build their confidence that you really do know what you are doing. When they come to your business, it needs to be a little haven of peace and quiet, an oasis in the desert of despair and disappointment that they daily experience in their lives."

Helen Maister

Helen Maister

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What do cheerleaders, dogs and young kids have in common?

Knowledge is power – but enthusiasm pulls the switch.

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.

Aki Kalliatakis
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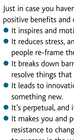
This month I've spent a big chunk of time completing a series of mystery shopping experiences for one of our clients. For the first time in the past year I travelled all over our beautiful country, visiting store after store after store. When I looked at the tempting products, neat displays, great special deals, and efficient processes like replenishing stock and paying at the end of it all, the experiences were mostly very good. 10 out of 10 all round.

But there was something that troubled me, and, once aware of it, I've noticed it just about everywhere where I spend my money, (whether as a consumer, or as a business owner.) The past year has been brutal for business and for people. I won't list all of the negative stuff that has happened, but if I am honest with you, I too fell into the depths of despair in what Winston Churchill called "The Black Dog." I too succumbed to negativity, pessimism and a lack of energy to complete even the most basic tasks, even as I fell desperately behind in my work.

Someone asked me, "Aki, who motivates the motivators?" and I just couldn't answer. (That's when I knew I needed help.) But this topic is really critical for all leaders if we are to get through the next few years.

> Do you remember when you were a little child of 5-years old, and the teacher asked the class a question? All the kids put up their hands and said, "Pick me! Pick me!"

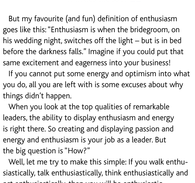


That energy and enthusiasm is so infectious. And we see it with cheerleaders too, as they try to get a crowd going. Even my dog greets me and plays with me with great enthusiasm.

It's infectious, contagious and just fun.

Just in case you haven't realised it, there are so many positive benefits and consequences to enthusiasm ...

- It inspires and motivates people.
- It reduces stress, anxiety and pessimism. It helps people re-frame their nervousness as excitement.
- It breaks down barriers, especially when you need to resolve things that make customers unhappy.
- It leads to innovation, and an openness to learning something new.
- It's perpetual, and it feeds off itself.
- It makes you and people on your team immune to resistance to change and implement actions that lead to success in the way you do things.
- It builds self-esteem and confidence.
- And it delights your customers.



As writer Percy Whiting put it, "You can do anything if you have enthusiasm. Enthusiasm is the yeast that makes your hope rise to the stars. Enthusiasm is the sparkle in your eye, it is the swing in your step, the grip of your hand, the irresistible surge of your will. Enthusiasm is your energy to execute your ideas. With enthusiasm there is accomplishment. Without it, there are only alibis." Sam Ullman also put it so nicely ...

> We grow old by deserting our ideals. Years may wrinkle the skin, but to give up enthusiasm wrinkles the soul.

But my favourite (and fun) definition of enthusiasm goes like this: "Enthusiasm is when the bridegroom, on his wedding night, switches off the light – but is in bed before the darkness falls." Imagine if you could put that same excitement and eagerness into your business!

If you cannot put some energy and optimism into what you do, all you are left with is some excuses about why things didn't happen.

When you look at the top qualities of remarkable leaders, the ability to display enthusiasm and energy is right there. So creating and displaying passion and energy and enthusiasm is your job as a leader. But the big question is "How?"

Well, let me try to make this simple: If you walk enthusiastically, talk enthusiastically, think enthusiastically and act enthusiastically, then you will be enthusiastic.

If you don't feel it, fake it – and then the feeling will come. What I mean by is you occasionally have to talk your way to a positive attitude. If I wake up and think it's going to be "one of those days," guess what? It turns out to be dreadful. On the other hand, when people ask me how I'm doing, I'd much prefer to say "Fantastic! In fact if I was any better I'd be twins!" Words are contagious. Hopeful words infect people with energy and enthusiasm.

I know sometimes I'm one of those terrible people that some people love to hate. Someone once said to me, "But you're always in a good mood." But that's not true. Ask my wife! I do have my bad moments but the point is that when I put on a show it creates an expectation of optimism and hope – for me and for the people around me.

Nevertheless, if you want some examples of what you can do, there are lots of possibilities. For example pay people honest compliments. Or arrange lots of fun things, every day.

Make up a company song with a familiar tune but your own words. Serve ice-cream or muffins to your whole team to celebrate being alive. Have quizzes and contests, or create some innovative gaming event with prizes. Bring in an entertainer or a magician to work.

One of our clients had a "Best T-shirt contest one Friday. Second place went to someone who wrote "Heaven is where the police are British, the chefs Italian, the mechanics German the lovers French and it's all organised by the Swiss. Hell is where police are German, the chefs British, the mechanics French, the lovers Swiss and it's all organised by the Italians."

But the winner wore a T-shirt that said, "Video games ruined my life. Luckily, I have two more lives." Or you can create some badges or shirts that people can wear and show others: "Business is GREAT!" Or, "I smile for no reason."

If people put as much effort into solving their problems as they do complaining about them, imagine how much happier we all would be. We need to keep hope alive, even perhaps against impossible odds, for true hell is when we lose hope. We all need to get a bit crazy again, and get in touch with all of the beauty around us. And to stop taking ourselves so seriously! SR

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

Want to improve your efficiency and profitability?

Power to the people

The energy question:

Why efficiency and sustainability are essential for future-proofing your business

By Kim Rose-Innes

Secure and reliable power supply is essential for any profitable operation and every small business. Supermarkets are one of the country's greatest non-metal energy consumers, and are now being rapidly energy-efficiency and sustainability are a key focus for the industry. Supermarkets are also one of the country's greatest food waste producers, and are now being forced by consumers to bringing new power supply units online more than ever before, and are also being pushed by consumers, businesses, Understandably, many small businesses grew how you can, and have to see it, therefore, a lot more.

The current landscape

The energy state of affairs in South Africa is dire, and everyone knows it. Eskom's Medium Term Development Plan (MTDP) has set out the ambitious goal that renewable and PHECC metal sectors rely heavily on electricity, and by extension, on renewable energy sources. Eskom's MTDP is a centralised precautions to be in. however, Eskom's MTDP is a centralised precautions to be in. however, sources are doing. Eskom's Medium Term Development Plan recently announced that South Africans can expect to experience rolling blackouts until 2022.

This assumes that Eskom will be able to achieve the ambitious of existing power generation units, the ability to bring new power generation units online, and actually take place and be operational. Unfortunately Eskom has dropped several new tariffs, tariff structures, and tariffs, and Eskom has offered new ways to use power, and those who can invest of their power supply units online. Eskom's MTDP is a centralised, and is certainly the only solution for energy efficiency.

Maintaining standards

Recently it is essential to keep your business running but keeping the lights on (and the fridges cold) offers a lot of challenges. Eskom's MTDP is a centralised, and is of a pattern of behaviour that has been analysed and backbinding as an acceptable excuse for a sub-par performance. Eskom's MTDP.

The assumption that Eskom's MTDP is a centralised, and is attempting to analyse the entire CPI (particularly, and customers and business, and customers experience is remain unfettered by a lots of power, which means at the end of the day, Eskom's MTDP is a centralised, and all points need to stay switched on.

Glacier CASE CLOSED

CLICK HERE for the full story about **Clean the Cows** Clean Door which solutions for refrigerated supermarket displays, Glacier Refrigeration Solutions, Glacier Refrigeration Solutions, Glacier Refrigeration Solutions

Heating, ventilation and air conditioning

HVAC is another area that benefits from recent technological developments. Again, the Internet of Things makes access to monitoring equipment and data both easier and more cost-effective. Automatic controls can also control your in-store temperature and humidity levels according to the ambient temperature and time of day. Being flexible like this allows for energy savings that would otherwise be incredibly time consuming to achieve manually.

Changing your air filters regularly, servicing your units yearly, and ensuring all air ducts are properly sealed are simple yet effective ways of increasing your HVAC efficiency. HVAC systems can also be improved by increased energy efficiency by replacing the compressor, adding condenser fan controls, adding demand-controlled ventilation, and adding an side economizer to take advantage of cool outside air. Replacing old and worn-out valves and tubing and ensuring all connections such as valves and compressors will keep the system functioning optimally.

International innovation

The EU climate targets for 2030 have encouraged increased innovation and development in several fields. Refrigeration, lighting, and HVAC technology are key targets for energy savings, and companies like multi-national supermarket and refrigeration specialist Carrefour, Germany solar energy equipment supplier SMA Solar Technology, and Baltic-based commercial refrigeration equipment manufacturer Frese have embraced the challenge.

German supermarket Aldis & Irma in Oldenburg engaged Danfoss and SMA to help them become "prosumer" – a consumer that produces and stores energy. The two companies worked together to provide the key components that would enable Aldis to run its store with an energy consumption level roughly 20% below the average for European supermarkets.

One of the systems installed enables the store to recover the heat generated by their refrigeration units and use this to heat their stores. They also created a digital energy management solution using Danfoss' MCX408 System Manager and SMA's Sunny Boy inverter. Combined, the two components provide the store with intelligent, near-zero connection to the electricity grid and allows the supermarket to function somewhat like a giant battery that can store electricity when there is too much of it in the grid.

SMA's enneaSOL unit can connect and manage energy flows from different sources to and from the grid, including solar or wind power, and battery storage power. It can decide which source to use – and when – in the most energy efficient way. The store also chose to install Danfoss' Multi-Ejector Solution®, a patentated type of expansion valve, it captures the pressure built up by the supermarket's cooling compressors and sends it back into the compressors. As a result, the compressors use less electricity. The store had a 60kW lithium-ion battery installed in its control room, which provides some of the excess electricity needed during peak use, thus saving the company even more money.

The Frese Hydrobloqs system has been installed in several stores in the Netherlands, with energy savings of between 20% and 44% being reported. It is a cost-effective solution that connects plug-in refrigeration equipment to a liquid-cooled system, in which excess condensation heat is removed through liquid pipes to the exterior of a building. This closed-cycle liquid system uses a water pump to ensure circulation, while an outdoor dry cooler is used for effective heat recovery. The Hydrobloqs solution can be connected to Frese refrigeration multidecks, semi-verticals, serve-over counters, and islands. An environmentally friendly propyl glycol solution is used for heat removal. Excess heat can also be reused to heat up the water, during the cold season or to warm up water. The system is highly efficient, can be installed quickly, saves space, allows for the reduction of equipment, uses smaller quantities of refrigerant, and is easy to maintain.

SUPERMARKET ENERGY USAGE

Energy consumption at the supermarket causes greatest impact on the environment. Refrigeration accounts for over 50% of total energy use in the average supermarket

SUPERMARKET TWH (REMOTE SYSTEM)

SUPERMARKET TWH (HYDROLOOP SYSTEM)

Refrigeration system by Frese helps significantly reduce both energy consumption and refrigerant leakages.

Supermarket
Air Water
Heat
Electricity
Gas
Fuel
Refrigerant
Data
Waste
Food
Water

From Dairy to Cheese to Ice Cream — Everything in between

The Dairy category is a battleground for consumers — but it needs an agile, multi-pronged approach to maximise its potential growth opportunity

Dairy sales jump in January 2021 at +4.4%

NIQ's Quarterly Review of the Nielsen-IRI Data for the 52 weeks ending January 2021 shows that Dairy sales grew by +4.4% in value within the many sub-categories that are important to consumers, with Cheese and Ice Cream being the most significant contributors to this growth. This indicates a positive perspective amongst consumers towards the Dairy category. Dairy sales in the UK are worth £7.7bn, with Total Dairy Volume down -1.4% in the 52 weeks ending January 2021.

Dairy prices have increased. What consumers already know is that Dairy is a key source of protein, calcium and other nutrients. Dairy products are also very affordable, with prices significantly higher Spam from the impact of Brexit, which has increased the cost of imported goods. Nevertheless, Dairy is still a very affordable product for most households.

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Despite these many challenges, the FMB UK Q4 Consumer Sentiment Survey shows that 72% of respondents have increased their consumption of a wide variety of fresh milk and flavoured milk regarding Dairy products, with 71% of respondents increasing their consumption of Cheese and 70% increasing their consumption of Ice Cream.

Monitoring and maximising your dairy category

Dairy products are very popular with consumers and are a key source of protein, calcium and other nutrients. Dairy products are purchased on impulse within the consumer's mind, and are also purchased for a specific occasion. Dairy products are also purchased for a specific occasion. Fresh milk, cultured dairy, dairy desserts including Ice Cream, and Cheese are the most significant sub-categories in the Dairy category, and they are purchased for the dairy products found on every day meal occasions.

Dairy is a battleground for consumers

The balance between the two pricing strategies can be difficult to achieve, and it is important to understand the consumer's perspective. Dairy is a battleground for consumers, and it is important to understand the consumer's perspective, promotions, advertising and public relations campaigns, and product innovation.

Dairy is a battleground for consumers, and it is important to understand the consumer's perspective. Market conditions are never constant, so FMB UK's Dairy Sector Group is ready to help members understand the consumer's perspective and what consumers are expected to spend their time, and resources to ensure that their Dairy product is in the right place at the right time, and at the right price.

The importance of advertising dairy discounts in dairy is the consumer's perspective

Dairy is a battleground for consumers, and it is important to understand the consumer's perspective. Dairy is a battleground for consumers, and it is important to understand the consumer's perspective. Dairy is a battleground for consumers, and it is important to understand the consumer's perspective.

Visually operating displays and display cabinets

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Dairy is a battleground for consumers
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Contact us to discuss any aspect of Dairy, Labelling and Marketing and Consumer Research

Dairy is a battleground for consumers

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Consumers vs. Price vs. Health

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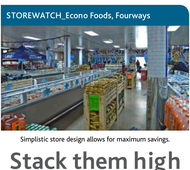
STOREWATCH_Econo Foods, Fourways



Simplistic store design allows for maximum savings.

Stack them high and watch them fly

– Antonio de Gouveia

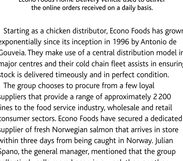
Jaime van Aswegen
Staff writer
Supermarket & Retailer

Walking into the new Econo Foods in Fourways gives you the feeling of saving from the moment you walk through the door. Being greeted by friendly staff and a dancing chicken mascot handing out pamphlets added to the excitement of this new store opening.

The flow of fully stocked fridges and freezers throughout the store allows for the attractive premium house brand, Food Land, and their economy private label, E-food, to truly shine amongst other quality brands available in the store.

The Fourways store is the group's 21st retail store in and around South Africa with another 10 outlets set to open over the next year and a half. The minimalistic store design immediately conveys a message of saving to the end consumer.

Chicken Mascot handing out pamphlets and a range of samples of the Econo Foods house brand Food Land.



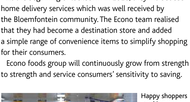
Charlton Prins (Store Manager) by the nifty Econo Foods Home Delivery vehicle used to deliver the online orders received on a daily basis.

Starting as a chicken distributor, Econo Foods has grown exponentially since its inception in 1996 by Antonio de Gouveia. They make use of a central distribution model in major centres and their cold chain fleet assists in ensuring stock is delivered timeously and in perfect condition.

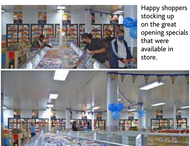
The group chooses to procure from a few loyal suppliers that provide a range of approximately 2 200 lines to the food service industry, wholesale and retail consumer sectors. Econo Foods have secured a dedicated supplier of fresh Norwegian salmon that arrives in store within three days from being caught in Norway. Julian Spano, the general manager, mentioned that the group collectively sells more bacon in a week than another 'Tier 1' retailer sells in all their stores in a month.

At the beginning of lockdown in 2020, they introduced home delivery services which was well received by the Bloemfontein community. The Econo team realised that they had become a destination store and added a simple range of convenience items to simplify shopping for their consumers.

Econo foods group will continuously grow from strength to strength and service consumers' sensitivity to saving.



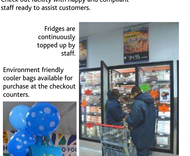
Happy shoppers stocking up on the great opening specials that were available in store.



Fresh Norwegian Salmon from ocean to fridge in three days only available at Econo Foods.

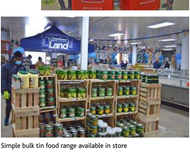
Limited range of fresh butchery products are available amongst the frozen food items.

Check out facility with happy and compliant staff ready to assist customers.



Fridges are continuously topped up by staff.

Environment friendly cooler bags available for purchase at the checkout counters.



I & J station with new product samples for testing.

Simple bulk tin food range available in store

Displays of locally manufactured energy drinks.

> "Stack them high and watch them fly"
> Antonio de Gouveia

SB

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Hawker hotspots & table top traders

By GG Alcock

There is a perception that hawkers and tabletop traders are subsistence and survivalist businesses. Far from it. The marketplaces of South Africa are the taxi ranks, the street corners, the trolley pushed down the road honking on an old hooter, the tables on the traffic lights do a roaring mobile trade in both townships and leafy suburbs.

These hawkers and tabletops are sophisticated business people, often doing turnover which will make heads turn among formal supermarkets and stores. And they have been in the rank, on the street corner, or at the traffic lights for years – unmarked real estate jealously protected by the occupants with long waiting lists to get a trading spot or a 'beat' from the resident hawker or trader association.

Beware of the term informal. It misrepresents these spaces, creating perceptions of disorganisation, free-for-all, low income and transient traders. None of these terms are true for more than 80% of hawkers and tabletop traders. Which most of these traders resident and trading where they are for anything from two to 15 years and making very decent incomes from their trade.

Take Mike, the *Kasi* greengrocer…. I wrote about him in *Kasinomic Revolution*. He is rightfully proud of his hawker stand which he animatedly talks about. His hand sweep and his mind is in flowing. It's a large stall, a couple of few metres wide and three metres deep –shelves and boxes stacked on the floor and, in a rickety manner of balancing and hanging sheves, rising up to the roof which is an old billboard with 'Vaseline' barely visible in the faded canvas. Fresh veggies are treaded on this rickety structure, but carefully packed in price point packets.

A sixheter-order of half a cabbage, two potatoes, a green pepper, four carrots – perfectly packed for making a stoheter, the staple stew of the Kasi. Mike knows the combo are rows of plastic plates stacked with tomatoes in different quantities – five for R5, two for R2.50 and so on. He same with a pile of tubers … these are green, red and yellow peppers, looking for all the world like street lights and named as such by the locals. Potatoes in plates, in bags, buttercuts in singles and in doubles and in halves, cabbages in quarters, halves and wholes, the whole range of vegetables carefully priced to the nearest affordable price points and unit coinage, R2, R5, R10, R15, perfectly portion-controlled for a family of three, four, five, eight-for the meals of the township: isiheko, fried cabbage with onion and tomato, shumi, chakalaka and many others. The Pick 'n Pay, about 50 metres away, has no idea of these *kasi* meals, these combos, these price points, and so doesn't stock the range required. His selection and combinations, even though in many instances his prices are slightly more expensive.

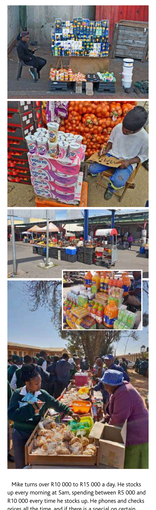
At First Mike found an old trolley which he pushed down the street, ringing an old bicycle bell he had rigged on the trolley handle. He wanted his veggies recording his meals and to price points and they sold well. To quote Mike …

> "You need to know people, what they eat, how much they need so they don't waste, what they can afford. That's the secret of this business."

"But then also you need fresh vegetables and to have relationships with your customers. You know, sometimes they are short and I know what most do you have, they say R5, I give them R7 vegetables for that R5. They respect you and they come back." I smile trying to imagine Pick n Pay doing the same!

"HA!" he exclaims, grinning a bright white smile in a dark-skinned face that his floppy hat …

> "Today, look, I employ three people, I have my own bakkie, a little business, business is good."



Mike turns over R10 000 to R15 000 a day. He stocks up every morning at 5am, spending between R5 000 and R10 000 every time he stocks up. He phones and checks prices all the time, and if there is a special on certain veggies he gets it first. His stall is open from 5am to 7pm, seven days a week.

40-60% (depending on the produce) of the Jo'burg Fresh Produce Market's almost R5 billion a year turnover is bought by the hawker and informal trade – that just goes an idea of the scale of this hawker trade in fruit and vegetables.

But it's not just vegetables and unbranded goods that sell. The entire array of goods from cell phones and decoders to cat poison, from branded lotion to traditional herbal medicines, from homemade ice-pops called 'ingeda' to Cokes and the ubiquitous Mayo Frozen Yoghurt. *Fong kongs* side by side with branded premium brands, each with its place and its customer profile.

Maria Magwaza sells Rattex, she has a thriving business killing rats. She buys her poison from Mursal Cash & Carry for R5 a packet and sells it for R8 a packet. She also sells mosquito repellent, ant poison, clothes moth poison. She's in the killing business!

Some of her goods are cheap Chinese imports, another an Australian brand. "Look these are *fong kong*, but good *fong kong*." the boasts. But many are branded products Rattex, some Boom. "Generally," she complains, "these branded ones are the best, but they come in too big sizes. Look at this Rattex. How many rats do they think we have in our houses?" So she decants and repackages some packs into single units more appropriate to her price points, R1, R2, R5, or customers' needs.

Maria's eyes sparkle as she points out which poison does what. Despite her 60-odd years and hours spent perched on a crate next to her makeshift table, her skin is smooth and creamy brown. She chatters away to Mandisa next to her who sells an assortment of combs, purse mirrors, razor blades, heart-shaped mirrors and hair accessories. She is never bored. Either her customers come by and chat about the latest gossip, or she discusses life with Mandisa. Maria can sell 100 sachets a day, making herself a good R300 a day or R7 200 a month. [Excerpt from *Kasinomic Revolution*.]

SPAR
PROFERTA
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Value

By my estimates there are around 500 000 mobile hawkers, tabletops and pavement traders in South Africa, and the typical trader will make a minimum of R2 500 profit a month all the way up to R15 000 profit.

It's a huge, diversified sector, too often ignored by brand owners outside of the typical Chapies, mints, headache tablets, aritime, Coke, Dragon energy drinks and cigarette sectors. But it would be a huge mistake to not consider that every brand should penetrate the hawker trade. Of course, there are *fong kongs* and counterfeit products, but the bulk is not. The consumer who shops at the formal retailer or at the mall spends more time in the rank and tight street market than in the formal trade. Reaching your customer and selling your brand here is an important link in the chain.

The key to accessing this sector is first the route to market. Traders generally draw from the closest cash and carry or mid-wholesaler which is in walking distance or short taxi ride away. These cash and carries circle most hawker areas and bulk break large cases into smaller pack configurations, offer value such as storage, coin recycling and other value-adds to a loyal customer base. Supplying these wholesalers is important. Another opportunity is basic branding of hawkers and hawker trading spaces with bibs, aprons, tablecloths, gazebos and dispensers or coolers. Most of all, create trade relationships with these traders. Most have been there for years, are part of vibrant business communities and are face to face with your consumers daily.

GG Alcock is the author of Third World Child: White Born Zulu Best Kasinomic African Informal Economies and the People Who Inhabit Them, and Kasinomic Revolution: The Rise of African Informal Economies. He is the founder of Minamaze Marketing and Ed is a specialist in Informal Sector Economy, economies, marketing and route to market strategies. www.gggalcock.com

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nielsen

Severely constrained consumers emerge from the covid-19 quagmire

78% of South African consumers have changed their purchase behaviour

South African consumers are navigating uncharted territory as they cope with the Covid-19 pandemic and the subsequent financial fallout that has wreaked havoc on their income, financial situations and spending intentions. As a result, a whopping 78% of South African consumers say they have changed their purchase behaviour since the Covid-19 pandemic began, with no prospect of this returning to 2019 levels anytime soon.

These findings stem from a new NielsenIQ study Unlocking Consumption in 2021 that also identified a rapidly growing group of newly constrained consumers who represent 66% of South African shoppers as compared to the 46% global average. Interestingly, of the 15 countries surveyed, Thailand (73%), South Africa (66%), Turkey (65%), had the highest numbers of newly constrained consumers across the globe.

No room to spend

The newly constrained segment is just one of four local consumer groups who will shape spending patterns this year. These include Existing Constrained consumers who were watching what they spent prior to Covid-19 and have not changed this behaviour and the already mentioned Newly Constrained consumers who have experienced a worsening of their household income/ financial situations and are consciously watching what they now spend. In addition, 17% of consumers are categorised as Cautious Insulated spenders who have a limited income/financial situation impact but are watching what they spend a lot or much more.

There is some 'light at the end of the tunnel' in the form of Unrestricted Insulated consumers who have the same or even an improved financial situation and do not have to watch what they spend. Although they currently represent only 2% of consumers, their more unrestricted ability to spend has translated into demand for premium products and presents new opportunities for product innovation.

NielsenIQ Global Intelligence Unit Executive Director Ailsa Wingfield comments; "The four new groups we've identified demonstrate real constraint in consumers' ability and/or desire to spend freely. Within this, the newly constrained and cautious insulated consumers represent a massive 84% of consumers who are scrutinising their budgets and changing their consumption behaviour based on the impact Covid-19 has had on their personal circumstances."

> "Many South African consumers, say they are employing new coping mechanisms to manage household budgets"

Coping mechanisms

However, despite the seemingly insurmountable challenges faced by large numbers of South African consumers, they are employing new coping mechanisms to manage household budgets including selecting products based on promotions irrespective of brand or actively seeking out private label options to save money. More than half of South Africa's brand loyal consumers also say they will stick to their preferred brand while 66% will only change brands if the regular price increases.

This means that brands will be under much more scrutiny as consumers weigh up which brand attributes really matter to them to justify a place in the basket, with a substantial 64% saying they will switch to the lowest priced option among their preferred brands and products to save money – a sure sign that brands will need to work hard to ensure they are catering for their new consumer needs within their portfolios.

Future fade

Looking ahead, one of the many challenges of the Covid-19 era is that it is subject to sharp shifts in consumer behaviour many of which have never been seen before. For example, even though the pandemic-driven consumer behaviours of 2020 were largely predictable globally and unfolded in much the same way as the virus spread across countries; the extreme growth of FMCG in 2020 in many markets is not expected to continue this year, and growth will be harder to find.

> "Close to half of local consumers say that if the economic situation worsened, they would spend less on groceries, whereas only 17% of consumers said they would spend more"

The NielsenIQ study therefore concludes that there will be a continuation of the polarisation of spend borne out by the fact that close to half of local consumers say that if the economic situation worsened, they would spend less on groceries, whereas only 17% of consumers said they would spend more.

Wingfield elaborates; "The duress of Covid-19 drove spending on consumer goods to new levels in 2020. Extended lockdowns meant in-home consumption was over-indexing against pre-Covid conditions. The natural expectation as the world unravels from the disease is for a return to something resembling pre-Covid times; however, that is unlikely to be the case in the coming months.

"As a result, brands and retailers are again in uncharted territory in 2021 as the consumer of today is not the one they knew last year. Brands and retailers, therefore, need to understand who their consumers are today and find ways to meet their new needs to find growth in a challenging economic environment." SR

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Online retailers continue to face challenges

Undermining the customer experience

Jenni-Ruth Coggin
General Manager for Consumer Behaviour & Business Insights
BMi Research

A study evaluating the consumer experience of online shoppers has highlighted the challenges that continue to face online retailers including ensuring sufficient stock, transaction and delivery issues and unclear refund practices.

The study, conducted by research and insights company BMi Research in 2020, surveyed six online e-commerce stores with each store evaluated by 10 experienced online mystery shoppers. The study forms part of the company's launch of an online customer experience solution that measures and provides insights to help companies improve their customer's online shopping experience. BMi Research will be one of the first to launch an online customer experience solution.

South Africa's e-commerce market has traditionally lagged global trends. The Covid-19 pandemic, however, accelerated the growth of online shopping in South Africa with more consumers willing to try online shopping. According to Nielsen, online shopping has jumped 9% to 44%. In order to capitalise on this trend, a growing number of retailers have introduced an e-commerce offering with varying degrees of success.

BMi Research's CX Online tool takes traditional mystery shopping solutions focused on in-store evaluations a logical step further given the accelerated penetration of e-commerce and online shopping. It measures the overall experience from the perspective of the online customer including the online shopping experience, the transaction process and the delivery experience, allowing retailers to adapt their offering in order to ensure an optimal customer experience.

"Same day delivery is key to remaining competitive in the online shopping space," says Jenni-Ruth Coggin, General Manager for Consumer Behaviour and Business Insights at BMi Research.

> "To be successful online platforms need to meet the expectations of customers."

Consumers that have a disappointing online experience tend not to give those retailers or brands a second chance which is why it is so important to ensure a positive overall experience each and every time."

The registration process new shoppers must complete could be a barrier as this is their first experience of the brand in an online shopping environment. "When it comes to online shopping first experiences count," says Coggin. "Registration should be as simple as possible both to lower the barrier to entry and in order to make the barrier lower than the next competitor.

Encouragingly, most shoppers found the registration process easy to moderately easy to navigate, while 60% of shoppers found the websites easy to navigate.

In terms of the visual appeal of websites, and how engaging and user friendly they were, shoppers reported that there was room for improvement in the pharmacy sector. Only 70% of shoppers in pharmacy and retail sites were shown the correct product after a search, indicating an area that needs to be addressed.

While overall promotional offers were easy for shoppers to find, only 55% of promotional items were in stock. A third of shoppers on retail sites were informed that items were out of stock only as they were checking out. "Ideally, this information should be given during the shopping process," says Coggin.

All the online shopping sites reviewed do well at communicating payment options and order confirmations. However, the study found that all categories need to provide shoppers with more assurances that their transactions are safe and secure with email and sms communication that is sent immediately at payment.

Coggin adds that once the order is placed and paid for, trust in the online shopping experience is either built or lost at the point of delivery. However, the study revealed that online delivery booking systems are weak with just over a third of respondents not receiving their delivery at the arranged date and time, while 20% did not receive the correct items they had ordered. There also appears to be confusion over the refund process for products missing from the order. Ultimately, only 50% of shoppers found the overall delivery experience to be excellent.

Dean McElwee, the Integrated Commercial Lead, eCommerce for Europe at The Kellogg Company, points out that speed is of the essence when it comes to online shopping. "The customer wants to get the product as soon as possible so the whole online process needs to be speeded up," he says.

McElwee, an e-commerce expert with more than 18 years of experience across both emerging and developed markets across multiple channels, was the guest speaker at the launch of CX Online.

"Succeeding in the online space is very different to succeeding in the offline space," he added.

"The reality is that online shopping utilises different spaces and has different constraints to an offline shopping environment. Not only does it have eyeball constraints given that search narrows the number of items seen, it has resource constraints, and it has size relativity constraints."

Online, he concluded, is significantly more complex than anticipated requiring businesses to get all three components right: convenience, price and speed of delivery. Critically important is to test your online offering in order to refine and improve the online shopping experience.

The CX Online pilot study was conducted in Q3 in 2020, by experienced BMi Research mystery shoppers who were also active online shoppers. The study included 60 mystery shops across four industries. **SR**

For further information regarding CX Online please contact Jenni-Ruth Coggin on 076 170 6989 or visit https://www.bmi.co.za/cx-online/

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CASE CLOSED
Energy Saving Solutions

Glacier Door Systems has introduced their **Close the Case** Glass Door retrofit solutions for refrigerated supermarket display cases, existing glass door freezer rooms and glass door freezer display cabinets. These solutions guarantee energy-savings in an ever-increasing energy cost environment.

Features and Benefits

- Double glazed glass doors with Argon gas fill for superior insulation.
- Glass durability and clarity with torsion bar for positive closing.
- Glass door heating option for high humidity environments.
- Glass doors available with hold open brackets and LED lighting options.
- Flex modelling means glass panels are customised to fit existing cabinets and are tailored to suit each store's specific environment.

Air Shield Glass Doors

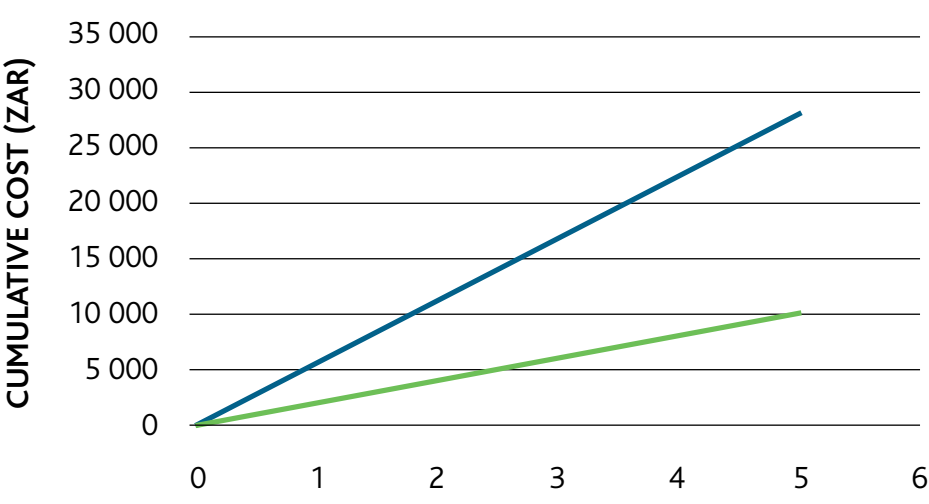
A quick and easy energy-saving retrofit solution, Air Shield Glass Doors can be fitted to any existing open refrigeration case, saving up to 40% on energy consumption.

Note: The value proposal is based on R1.31 per kWh and 40% energy saving. These are averages based on our experience and can be validated per store.

Eco Leaf Freezer Doors

Designed as a 'swop-out', energy-saving replacement glass door utilising 220V technology that eliminates the need for voltage-reducing capacitors. This results in an amperage reduction from 1.29A on the standard door to 0.46A (64%) with the replacement Eco Leaf Door.

Note: The value proposal is based on R1.31 per kWh and 64% energy saving. These are averages based on our experience and can be validated per store.



	AMPS	VOLTS	WATTS
Glacier Eco Leaf Door	0,46	230	105.8
Glacier Standard Door	1,29	230	296.7

The value benefit

- High-quality locally manufactured solutions featuring the latest energy-saving technology.
- Demonstrated good pay back periods can be expected.
- Customised solutions to suit your store.
- ISO 9001 accredited factory.
- Safety toughened glass in accordance with SABS/ SANS certification.
- Flexible installation timing to offset any customer disruption.
- Financing options available.

You can trust a Glacier door

For product enquiries **011 613 8120**
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