

**THE INTELLIGENCE
REPORT**



RETAIL INDUSTRY INTELLIGENCE MONITOR

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COMPILED: NOVEMBER 2020

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RETAIL INDUSTRY INTELLIGENCE MONITOR OVERVIEW

GLOBAL NEWS

Nielsen International Grocery Shopper and Technology Survey Results

Results from the Nielsen International Grocery Shopper and Technology Survey have been announced, providing key insights regarding consumer shopping journeys, and the role that technology plays in these journeys. The survey was conducted in partnership with Diebid Nixdorf and was coordinated through Nielsen's Global Consumer Business. (2 November 2020)

Surge in Amazon Third Quarter Retail Product Sales Due to COVID-19

The global retail giant, Amazon, announced that it had achieved US\$52.8 billion in terms of sales value in the third quarter of 2020, up from US\$39.7 billion in the third quarter of 2019. According to the Managing Director of GlobalData, Neil Saunders, Amazon's latest results indicate that the company continues to benefit from the disruption, due to the COVID-19 pandemic. (30 October 2020)

Walmart Unveils its New Store Design

Retail analysts at the global rating agency, Moody's, have revised their outlook for the retail industry from negative to stable. The agency had previously predicted a decline of up to 30%, now indicating that it expects a 15% decline in profits in 2020, with an estimated improvement of 20% predicted for 2021. (23 October 2020)

SA NEWS

New Online Shopping Platform to be Launched in SA

The outbreak of the COVID-19 pandemic has significantly disrupted the way we operate, with this expected to continue to have long-lasting effects across all sectors. In particular, the retail sector has seen extensive evolution in several aspects of its operations, with customer experience seeing the most significant transformation. (5 October 2020)

Shoprite Checkers and Pick n Pay Confirm End to Exclusive Lease Agreements

Both Shoprite Checkers and Pick n Pay (PnP) have confirmed, that they will no longer be enforcing exclusivity clauses on lease agreements, with regards to small and independent retailers. This follows agreements that were signed with the Competition Commission. (21 October 2020)

Increases in Grocery Costs Affecting SA Shopper Behaviour

The Ask Afrika COVID-19 Tracker study has shown, that significant proportions of consumers perceived the price of food and staple foods to have increased by 15%, for the prior five months. As a result, consumers are switching to cheaper brands and remaining loyal to brands that have not increased prices. (7 October 2020)

COMPETITOR FINANCIAL RESULTS

Rex Trueform Clothing Company Limited

According to the latest annual financial results for the year ended 30 June 2020, Rex Trueform Group Limited experienced a challenging trading environment, which was significantly impacted by the COVID-19 pandemic. This is illustrated by the 11.9% decrease in company revenue, from R708.4 million in 2019 to R624.2 million in 2020. (29 October 2020)

Clicks Group Limited

According to the latest reviewed annual group results for the year ended 31 August 2020, the Clicks Group showed strong and resilient performance despite a challenging trading environment, both globally and locally. This is reflected in the group's turnover, which increased by 9.6% to reach R34.4 billion in 2020, while its UPD business's turnover increased by 11.2%. (22 October 2020)

Pick n Pay Holdings Limited

According to Pick n Pay Stores Limited's latest unaudited interim for the 26 weeks ended 30 August 2020, the group experienced a difficult trading environment due to the impact of COVID-19 but has proven to be resilient. This is evidenced by the 2.6% increase in the group's comparable turnover, increasing from R43.1 billion in the 26 weeks to 1 September 2019, to R44.2 billion in the 26 weeks to 30 August 2020. (20 October 2020)

COMPETITOR NEWS

TFG's Digital Transformation Enables Management of COVID-19 Challenges

JSE-listed retail group, The Foschini Group (TFG), has indicated that it is seeing the positive results of its previously launched digital strategy, as well as a R500 million investment into its digital transformation. The group launched its digital transformation plan three years ago, which has enabled it to easily manage the challenges brought on by COVID-19. (22 October 2020)

Woolworths Invests R1 billion in Pricing to Remain Accessible

In an attempt to ensure its products remain as accessible as possible to the greatest number of consumers, Woolworths recently announced that it will be investing R1 billion in its prices over the next two to three years, to ensure its products continue to offer the greatest value. This investment includes a commitment to its Food and Fashion businesses. (20 October 2020)

Shoprite Launches Xtra Savings Rewards Programme

On 12 October 2020, the Shoprite Group launched the new Shoprite Xtra Savings rewards programme, in its Shoprite branded stores. This comes a year after the Checkers Xtra Savings rewards programme was launched, which has already seen over 5 million customers sign up for the programme. (12 October 2020)



RETAIL INDUSTRY INTELLIGENCE MONITOR OVERVIEW

MERGERS, ACQUISITIONS & PARTNERSHIPS

Stiles Incorporates Italcotto Into Its Business Operations

On 1 November 2020, the South African tile and sanitaryware retail store, Stiles will incorporate Italcotto into its business operations. Through the incorporation of Italcotto, a well-known tile wholesaler that sells exclusive products, Stiles plans to expand its footprint in the SA tile industry. (29 October 2020)

Pick n Pay Acquires Delivery Startup Bottles

Well-known retailer, Pick n Pay (PnP) has agreed to purchase Bottles, the on-demand delivery startup, with the acquisition expected to be completed by November 2020. Through the acquisition, PnP is attempting to build on the success it has achieved in its existing partnership with Bottles in recent months, whilst also strengthening its online grocery business. (20 October 2020)

INNOVATION & TECHNOLOGY TRENDS

Dior Announces Ability to Try on New Sneakers Using Augmented Reality

Luxury clothing and apparel brand, Dior, has launched its B27 sneaker, incorporating augmented reality (AR) lenses on Snapchat which allows users to try-on and buy the sneaker virtually. This immersive experience is designed to engage passive purchasers on mobile platforms, and potentially turn them into active purchasers, during the holiday season. (4 November 2020)

Digital Receipts for Smart Shoppers Launched by Pick n Pay

As part of the company's efforts to reduce unnecessary wastage, Pick n Pay (PnP) has launched digital receipts for members of its Smart Shopper programme. In particular, the digital receipts can be emailed and loaded on the customer's PnP mobile application for 90 days, making it easy to access and review. (29 October 2020)

Standard Develops Checkout-Free Retail Facility

A retail convenience store, located at the University of Houston, has been converted into a completely checkout-free facility by Standard. The company partnered with Chartwells Higher Education, to add its machine-vision system to the store, allowing for 24 hours of on-the-go consumption. (12 October 2020)

SOCIO-POLITICAL FACTORS

Vans Supports Mental Health Focused Charities with \$1 Million Donation

On 19 November 2020, Vans will be hosting its second annual Checkerboard Day, focused on mental health and well-being. As part of this event, Vans will be supporting 10 mental health-focused charities around the world, with a collective donation of \$1 million, to encourage the use of creativity in addressing mental health issues. (3 November 2020)

Checkers Enters Supply Deal with Local Egg Farming Business

Checkers has entered a supply deal with local egg farming business, Farmer Angus Eggs, a 51% black female-owned business, which offers its products at some Checkers stores in the Western Cape. Additionally, this supply deal allows for the potential of expanding the arrangement on a national scale. (2 November 2020)

Dis-Chem Foundation Provides Water Donations to Port Elizabeth NGOs

In response to Port Elizabeth's critical need for water, the Dis-Chem Foundation has offered its support to three NGOs, in the form of donations of water. This action comes as dam levels around the Nelson Mandela Bay municipality fell below 20% capacity, resulting in severe water shortages throughout the region. (16 October 2020)

LEGISLATION

Western Cape to Make Drinks High in Alcohol More Expensive

The Premier of the Western Cape, Alan Winde, announced that the provincial government intends to increase the price of beverages with a high alcohol percentage, by raising minimum unit pricing. It is suggested that this approach could be effective, in terms of reducing the prevalence of binge drinking in communities, although this could negatively affect sales amongst retailers. (23 October 2020)

Stricter Regulations Proposed for Advertising of Unhealthy Food and Alcohol

Stricter regulations, regarding the advertising and marketing of alcohol and unhealthy foods, have been proposed by the Department of Communications and Digital Technologies. These regulations are designed to protect South African children from potentially harmful advertising, and will impact a variety of sectors, including the local retail sector. (12 October 2020)



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GLOBAL NEWS

Nielsen International Grocery Shopper and Technology Survey Results

Results from the Nielsen International Grocery Shopper and Technology Survey have been announced, providing key insights regarding consumer shopping journeys, and the role that technology plays in these journeys. The survey was conducted in partnership with Diebold Nixdorf, and was coordinated through Nielsen's Global Consumer Business, providing retailers globally with key insights on consumer needs in terms of technology.

The survey involved the surveying and segmentation of 15,000 shoppers, between the ages of 16 and 65, across 15 countries. From the surveys, six consumer typologies were generated, with each of these typologies demonstrating a unique motivation, in terms of how and why technology is utilised by consumers along the course of their shopping journeys.

More specifically, most of the consumers surveyed (25%) were categorised as "Hands-On Pragmatists", defined as busy, rational, problem solvers preferring self-checkouts, and making use of technology to save time, whilst also prioritising efficiency. Additionally, this type of consumer demands instant access to products, and are also the most likely to visit a store to discover new products.

Other categories that emerged included "Well-balanced Traditionalists", "Sensible Socialisers", "Hesitant Potentials", "Modern Convenience Seekers", and "Aspirational Tech Fans". According to Consumer Insights Leader at Nielsen, Waqas Cheema, it will be important for retailers to take different shopper segments into account, even those less enthusiastic about new technology.

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Surge in Amazon Third Quarter Retail Product Sales Due to COVID-19

The global retail giant, Amazon, announced that it had achieved US\$52.8 billion in sales value in the third quarter of 2020, up from US\$39.7 billion in the third quarter of 2019. According to the Managing Director of GlobalData, Neil Saunders, Amazon's latest results indicate that the company continues to benefit from the disruption, due to the COVID-19 pandemic.

More specifically, Amazon reported an increase in revenue from its third-party seller services increasing by 55%, to reach US\$20.4 billion in the third quarter of 2020, whilst online sales increased by 38% to reach US\$48.4 billion in 2020. These results do not include the company's Prime Day, that took place in September 2020, rather than July, which is when it typically occurs.

The fact that sales from Prime Day were not included in these positive results, indicates that the company has fared particularly well during the COVID-19 pandemic. However, holding the company's Prime Day later in the year could be less beneficial, since the holidays typically already introduce increases in terms of demand, whilst mid-year demand is typically boosted by Prime Day.

Moreover, the digital momentum that occurred in the second quarter as a result of the pandemic declined, with the company's product sales slowing from 40.1% in the second quarter, to 32.8% in the third quarter of 2020. Nevertheless, Amazon is predicted to achieve positive quarter four results, due to rising online holiday demand.

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Moody's Announces Stable Retail Outlook Heading into 2021

Retail analysts at the global rating agency, Moody's, have revised their outlook for the retail industry from negative to stable, reflecting a rise in expectations for the industry's performance. The agency had previously predicted a decline of up to 30% in operating profits but now indicated that it expects a 15% decline in profits in 2020, with an estimated improvement of 20% predicted for 2021.

The COVID-19 pandemic, and associated lockdowns, have had a significantly negative impact on the global retail industry, as a result of store and company closures, wary consumers, and stay-at-home orders, as well as social distancing measures. Therefore, the stable outlook predicted by Moody's provides some relief to industry stakeholders.

In particular, it is predicted that department stores and apparel retailers, which have been particularly hard-hit, will rebound strongly in 2021, some of which include Macy's, Nordstrom, Kohl's, Gap, TJX Cos, and Ross. Furthermore, in September 2020, particular retail segments experienced sales increases, with increases of 23.8% year-over-year for online retailers, 14.4% for recreational goods retailers, 19.1% for building and garden retailers, and 4.6% for furniture retailers.

However, although the Moody's analysts predict strong overall sales growth of between 3% and 5% for 2020 and 2021, it was indicated that this was not enough to predict overall positive growth due to the continuing outbreaks of COVID-19 globally, as well as continuing economic recessions and consumer strains.

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SA NEWS

New Online Shopping Platform to be Launched in SA

A new online shopping platform, known as Everyshop, is set to be launched in SA and will offer consumers a wide range of technology products, computers, and appliances, as well as additional products from leading brands. The new platform will compete with Takealot, and is backed by a member of Pepkor Holdings, the JD Group.

JD Group currently provides consumers with a wide range of products through its retail store chains, some of which include technology-focused brands, such as Incredible Connection and HiFi Corp, as well as household goods retailers such as Rochester, Sleepmasters, Bradlows, and Russels.

These existing stores are supported by a national network, including 16 distribution centres. Although these stores already offer home deliveries, an increased need for convenience amongst consumers, resulted in the development of the new online shopping platform.

More specifically, Everyshop is designed to offer South African consumers a "one-stop" shopping channel, featuring curated products from the group's existing ranges, as well as adding new product categories and leading brands.

Furthermore, the platform is designed to offer a unique and customised departmental shopping experience, that can utilise the group's existing capabilities in terms of e-commerce, logistics, and fulfilment. Although no announcement has been made regarding the platform's launch date, an official announcement is expected to be made sometime in November 2020.

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Shoprite Checkers and Pick n Pay Confirm End to Exclusive Lease Agreements

Both Shoprite Checkers and Pick n Pay (PnP) have confirmed, that they will no longer be enforcing exclusivity clauses on lease agreements, with regards to small and independent retailers. This is a result of agreements that were signed with the Competition Commission, following recommendations made in the commission's Grocery Retail Market Inquiry (GRMI).

In the GRMI report, it was found that long-term exclusive lease agreements result in harm to consumers, as a result of the limitation of consumer choice, as well as the reduction of competition within shopping centres. The report found that these lease agreements also prevent the participation of both Small and Medium Enterprises (SMEs) and historically disadvantaged persons in retail.

As part of the agreement, PnP has undertaken to waive exclusivity against small and independent grocery retailers, speciality, and limited line stores in all shopping centres, as well as supermarkets, owned and controlled by historically disadvantaged persons. The company also undertook to not sign any new lease agreements containing exclusivity clauses, amongst others.

Competition Commissioner, Tembinkosi Bonakeke, indicated that the opening of shopping centre spaces as a result of these agreements, would provide opportunities for new businesses to emerge in the South African retailing environment, providing consumers with product choice and alternatives.

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Increases in Grocery Costs Affecting SA Shopper Behaviour

The Ask Afrika COVID-19 Tracker study, conducted between the end of August and September 2020, has shown that significant proportions of consumers perceived the price of food and staple foods to have increased by 15%, for the prior five months. As a result, consumers are switching to cheaper brands and remaining loyal to brands, such as Shoprite, that are perceived not to have increased prices, amongst other behavioural changes.

The Ask Afrika COVID-19 Tracker study results are based on 11 600 interviews with consumers, conducted throughout each level of the national lockdown. Significantly, 84% of respondents indicated that they had seen an overall food price increase, estimating the prices had increased by 15% in the past five months.

These perceptions are based in reality, with the Pietermaritzburg Economic Justice and Dignity Group indicating the cost of a food basket to have increased by 7.8%, over the past 5 months. Accordingly, 69% of respondents indicated they have been forced to choose cheaper brands over their preferred favourite brands.

Furthermore, the results indicated that consumers are likely to remain loyal to brands that are not perceived to have significantly increased their prices, such as Shoprite, as well as Pick n Pay, that have been seen distributing food parcels. Additionally, higher grocery costs are also ensuring that consumers plan shopping lists carefully, to ensure that they stick to pre-defined budgets, whilst many are even asking cashiers to alert them once their total goes over particular amounts.

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COMPETITOR NEWS

TFG's Digital Transformation Enables Management of COVID-19 Challenges

JSE-listed retail group, The Foschini Group (TFG), has indicated that it is seeing the positive results of its previously launched digital strategy, as well as R500 million investment into its digital transformation. The group launched its digital transformation plan three years ago, which has enabled it to easily manage the challenges brought on by COVID-19.

More specifically, the group's successful digital transformation has enabled it to communicate remotely with over 25 000 employees, as well as ensure the safe and efficient re-opening of stores, and meet an increase in e-commerce demand.

Key technological areas that the group has focused on include: Radio Frequency Identification (RFID), e-commerce growth, the launch of the "myTFGworld", and "Sportscene" applications, integrating OneStock, the Yoobic visual merchandising system, and applications for staff, including TFGLearn and TFG-on-the-go.

In particular, TFG's implementation of RFID tech Technology was one of the largest and fastest globally, enabling quick and efficient stocktaking with 97% accuracy. TFG's jewellery brands, Sterns and American Swiss, went online in August 2020, taking the group's online stores in its e-commerce marketplace to 20.

Furthermore, since the myTFGworld application launched in July 2020, it has reached 33 000 active users. Also, TFG rolled out the Yoobic visual merchandising system, which enables TFG to send instructions regarding store window dressing to the store manager's mobile device.

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Woolworths Invests R1 billion in Pricing to Remain Accessible

In an attempt to ensure its products remain as accessible as possible to the greatest number of consumers, Woolworths recently announced that it will be investing R1 billion in its pricing over the next two to three years, to ensure its products continue to offer the greatest value. This investment includes a commitment to its Food and Fashion businesses.

According to Zyda Rylands, Chief Executive Officer of Woolworths SA, the group has been focused on investing in the pricing of key product lines and categories in recent years, to ensure the group continues to provide the value expected by its customers. Additionally, this need for value has been boosted by the COVID-19 pandemic, due to its significant negative impact on the economy and the financial well-being of Woolworths customers.

As a result, the group is set to invest more in its prices to ensure it remains relevant and accessible, whilst still delivering on quality. In the first phase, it will be investing R250 million in the pricing of its Foods division, as well as R250 million into its Fashion business' prices in the current financial year, with the focus being on the most popular Woolworths products.

In terms of its Foods business, Woolworths will initially focus on its fresh chicken range, which includes whole and portion chicken, excluding Easy Cook, marinated, and crumbed chicken. In addition to this, the group has applied more promotions on everyday basics across the Groceries, Household, and Personal Care categories. In terms of the Fashion business, selected key wardrobe essentials will also receive significant pricing investment.

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Shoprite Launches Xtra Savings Rewards Programme

On 12 October 2020, the Shoprite Group launched the new Shoprite Xtra Savings rewards programme, in its Shoprite branded stores. This comes a year after the Checkers XtraSavings rewards programme was launched, which has already seen over 5 million customers sign up for the programme.

According to the Shoprite Group's Chief of Strategy and Innovation, Neil Schreuder, the XtraSavings programme's success lies within its simplicity and transparency, with it having no points nor levels. Therefore, the Shoprite XtraSavings card will offer customers instant cash savings, in a similar manner to the Checkers XtraSavings card.

In particular, customers using the Shoprite Xtra Savings card will receive discounts of up to 40% on everyday essentials, combo deals, as well as added benefits, such as free airtime with certain product purchases, which are automatically applied at the till. The XtraSavings cards can be used at both Checkers and Shoprite branded stores, although brand promotions and discounts are only applicable to the respective brands.

Furthermore, the XtraSavings rewards programme is expected to expand to become the biggest rewards programme of its kind in SA, due to its ability to access the Shoprite Group's 19.3 million shoppers. Moreover, the programme has been introduced at a time when customers are increasingly seeking value, as household incomes have come under pressure due to lockdown restrictions.

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COMPETITOR FINANCIAL RESULTS

Rex Trueform Clothing Company Limited

According to the latest annual financial results for the year ended 30 June 2020, Rex Trueform Group Limited experienced a challenging trading environment, which was significantly impacted by the COVID-19 pandemic. This is illustrated by the 11.9% decrease in company revenue, from R708.4 million in 2019 to R624.2 million in 2020.

Furthermore, group operating profit decreased significantly by 398.8%, from R25.0 million in 2019 to a loss of R74.6 million in 2020, whilst gross profit margin also decreased from 52.6% in 2019 to 47.8% in 2020. Moreover, headline earnings per share decreased significantly by 217.9%, to a loss of 86.2 cents in 2020, compared to 73.1 cents earnings per share in 2019.

In terms of its retail business, which includes Queenspark (Pty) Ltd, turnover from retail sales decreased from approximately R678.9 million in 2019, to approximately R578.7 million in 2020.

The group's turnover was also negatively impacted by COVID-19 and the national lockdown, which resulted in sales being lost during level five lockdown, between 27 March 2020 and 30 April 2020. In particular, the estimated loss in sales during level five of the lockdown amounts to at least R57.4 million, with the negative impact on sales being predicted to last until the end of the year, to reach total losses of at least R134.7 million.

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Clicks Group Limited

According to the latest reviewed annual group results for the year ended 31 August 2020, the Clicks Group showed strong and resilient performance despite a challenging trading environment, both globally and locally. This is reflected in the group's turnover, which increased by 9.6% to reach R34.4 billion in 2020, while its UPD business's turnover increased by 11.2%.

In terms of the group's UPD business, UPD reported strong growth and gained market share after the securing of new wholesale and bulk distribution contracts. UPD expenses increased by 17.9%, including the costs relating to the new wholesale and bulk distribution contracts.

In terms of retail business, retail sales increased by 7.3% and by 3.4% in comparable stores, with a selling price inflation of 2.2%. At the same time, group retail expenses increased by 6.5%, which can be attributed to continuous investment in new Clicks stores and pharmacies in the past year. Clicks opened 39 stores in the review period, expanding its retail footprint to 743 stores, and opened 40 new pharmacies, reaching a total of 585.

In addition, headline earnings per share increased by 11.7 to 754 cents in 2020, whilst earnings per share increased by 11.4% to 751 cents in 2020. Headline earnings increased by 12.2% to reach R1.9 billion in 2020.

The group expects the consumer environment to be extremely constrained in the next year, due to the lasting impact of COVID-19. The first half of the new financial year was also impacted by protest actions at Clicks stores in early September 2020. Additionally, widespread job losses are expected as an aftermath of the pandemic.

Pick n Pay Holdings Limited

According to Pick n Pay Stores Limited's latest unaudited interim results for the 26 weeks ended 30 August 2020, the group experienced a difficult trading environment due to the impact of COVID-19 but has proven to be resilient. This is evidenced by the 2.6% increase in the group's comparable turnover, increasing from R43.1 billion in the 26 weeks to 1 September 2019, to R44.2 billion in the 26 weeks to 30 August 2020.

In SA, comparable turnover increased by 3.4% in the same period, increasing from R41.3 billion in 2019 to R42.7 billion in 2020, with this growth occurring despite the challenging operating environment. However, the group's sales and earnings in the first half of the financial year were impacted negatively by COVID-19, and measures taken to curb its spread by the government, with 20% of the group's revenue being affected by trading restrictions during different stages of lockdown.

Furthermore, sales were negatively impacted by reduced trading hours, limits on the number of customers allowed in the stores, as well as temporary store closures. All these measures had an impact on the group's revenue, which is estimated to have resulted in approximately R2.8 billion in lost sales, during this period.

Additionally, core retail sales grew 8.7% year-on-year (6.4% like-for-like), which includes food, groceries, and general merchandise, but excludes liquor, clothing, and tobacco, while growth in SA was 9.9% (7.6% like-for-like). Therefore, this represents a 4.2% volume growth of the group's core food and grocery offering in SA.

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MERGERS, ACQUISITIONS & PARTNERSHIPS

Stiles Incorporates Italcotto Into Its Business Operations

On 1 November 2020, the South African tile and sanitaryware retail store, Stiles, will incorporate Italcotto into its business operations. Through the incorporation of Italcotto, a well-known tile wholesaler that sells exclusive products, Stiles plans to expand its footprint in the SA tile industry.

With the incorporation of Italcotto, several members of the company's experienced sales team will join Stiles to continue servicing its longstanding clients, as well as assist with the transition into the new chapter of the Stiles brand. Furthermore, it was indicated that the Stiles stores will be strengthened, through strategic collaboration with Calore Fireplaces.

This collaboration will offer clients the opportunity and convenience of shopping for various products like tiles, taps, fireplaces, sanitary ware, braais, and fire pits, amongst other product categories, under one roof.

Furthermore, Stiles' CEO, Steve Joubert stated that the integration of Italcotto into the Stiles brand will create several opportunities for Stiles to become the leading tile retailer in SA. He added that the company looks forward to the new ventures with Italcotto and Calore Fireplaces and is optimistic about Stiles' prospects in the future.

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Pick n Pay Acquires Delivery Startup Bottles

Well-known retailer, Pick n Pay (PnP) has agreed to purchase Bottles, the on-demand delivery startup, with the acquisition expected to be completed by November 2020. Through the acquisition, PnP is attempting to build on the success it has achieved in the existing partnership with Bottles, whilst also strengthening its online grocery business.

With the acquisition, Bottles' founding members, Enrico Ferigolliand Vincent Viviers, as well as staff and key managers, will be joining PnP. According to PnP Chief Executive Officer, Richard Brasher, the online grocery space in SA has experienced significant growth in the past seven months. In response to this, PnP has increased the number of stores offering delivery or click-and-collect services.

The services provided by Bottles were the first of their kind, in terms of promising the fulfilment of orders within 60 minutes. Additionally, following the ban on the sale of alcohol, Bottles re-purposed its application in four days to offer on-demand delivery of "grocery essentials" to customers. Moreover, the Bottles application has had more than 700 000 downloads and has more than 350 000 registered users.

Brasher stated that the group is delighted to be acquiring Bottles as it will enable the group to build on the momentum it has already gained through its existing partnership, by further capitalising on Bottles' agility, innovation, and marketing flair.

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INNOVATION AND TECHNOLOGY TRENDS

Dior Announces Ability to Try on New Sneakers Using Augmented Reality

Luxury clothing and apparel brand, Dior, has launched its B27 sneaker, incorporating augmented reality (AR) lenses on Snapchat which allows users to try-on and buy the sneaker virtually. This immersive experience is designed to engage passive purchasers on mobile platforms, and potentially turn them into active purchasers, during the holiday season.

The company has introduced the AR try-on experience to engage users of Snapchat, through a unique e-commerce experience, that guides these users to the point of sale. In addition to raising awareness of the Dior brand, the incorporation of the AR lens turns the Snapchat platform into a direct sales channel, enabling the company to reach consumers unable to get to nearby stores.

This virtual try-on experience, offers consumers the opportunity to see what the sneakers will look like while wearing them, partially replacing the in-store experience of trying the shoes on. This has become particularly important, with many shoppers being unwilling or reluctant to try on clothes in stores, due to health and safety concerns resulting from the COVID-19 pandemic.

Furthermore, the Dior AR try-on and e-commerce experiences are another indication of the integration of advertising and online shopping by the Snapchat platform, with digital commerce becoming an increasingly bigger priority for social media companies. Specifically, Snapchat noted that AR experiences can significantly assist brands in engaging with the platform's mainly younger audience.

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Digital Receipts for Smart Shoppers Launched by Pick n Pay

As part of the company's efforts to reduce unnecessary wastage, Pick n Pay (PnP) has launched digital receipts for members of its Smart Shopper programme. In particular, the digital receipts can be emailed and loaded onto the customer's PnP mobile application for 90 days, making it easy to access and review.

The digital receipts are instantly sent to customers' email or mobile application, once their transactions are completed at any PnP store, including its Clothing, Liquor, and Express stores. Customers automatically receive summary slips at checkout and, in cases where customers who have opted into the digital receipt programme would like a full-length printed slip, they can simply request one from the cashier.

Additionally, should customers wish to return a product they have purchased, they will be required to show their digital receipt from either their email or mobile application, or show the summary slip which incorporates a scannable barcode. High-value items, or those items that come with a warranty, will be printed on a summary slip and provided to customers.

The programme has already proven to be successful, with almost 13 000 customers having signed up for the pilot phase earlier in 2020, and an additional 7 000 having already opted to receive digital receipts.

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Standard Develops Checkout Free Retail Facility

A retail convenience store, located at the University of Houston, has been converted into a completely checkout-free facility by Standard, an Artificial Intelligence (AI) company providing autonomous checkout solutions to retailers. The company partnered with Chartwells Higher Education, to add its machine-vision system to the store, allowing for 24 hours of on-the-go consumption.

The installation at the University of Houston store is known as "Market Next", and only allows for the payment of purchases through its camera-based system. This contactless payment system is seen as valuable by the university, in preventing the spread of COVID-19, and plans to roll out the system to its other campuses.

In its installations, Standard makes use of a combination of both AI and cameras to track items that are removed by individual shoppers, with goods being charged to predetermined payment methods when leaving the store. The company also plans to expand this type of checkout-free store, and already operates its own checkout-free store in San Francisco.

The technology trend, of allowing shoppers to pay for their retail purchases without being required to go through a checkout station, is spreading across the retail sector. This is illustrated by companies such as Amazon and Giant Eagle, that are also opening stores incorporating checkout-free capabilities.

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Vans Supports Mental Health Focused Charities with \$1 Million Donation

On 19 November 2020, Vans will be hosting its second annual Checkerboard Day, focused on mental health and well-being. As part of this event, Vans will be supporting 10 mental health-focused charities around the world with a collective donation of \$1 million, to encourage the use of creativity in addressing mental health issues.

In particular, Vans is focusing on the vital role of creativity in helping individuals and communities address mental health and well-being, which has become even more important due to the isolation resulting from COVID-19. Moreover, the Vans Checkerboard Day was initially launched in 2019 as a global initiative, to champion the power of creative expression.

Vans has selected 10 charities around the world, with a shared purpose of utilising creativity-focused programmes as resources, for coping with stressors that negatively impact mental health and well-being.

Each charity is set to receive \$100 000 from The Vans Checkerboard Fund at Tides Foundation, which can then be used in support of the respective organisation's mission.

Furthermore, consumers globally can support these charities by providing additional donations. This can be done by purchasing a limited-edition Vans Checkerboard Day t-shirt, or a pair of Authentics. Vans will contribute 100% of the proceeds for each of these products that are sold, to The Vans Checkerboard Fund at Tides Foundation.

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Checkers Enters Supply Deal with Local Egg Farming Business

Checkers has entered a supply deal with local egg farming business, Farmer Angus Eggs, a 51% black female-owned business, which offers its products at some Checkers stores in the Western Cape. Additionally, this supply deal allows for the potential of expanding the arrangement on a national scale.

Farmer Angus Eggs' regenerative livestock farmer, Angus McIntosh, had focused on upskilling and empowering his farmworkers, after which he sold 85% of this egg business to some of his former employees, making it 51% female black-owned. This sale instantly made the employees business managers and shareholders and, through the deal with Checkers, these former employees have been given the opportunity to expand its model on a national basis.

Currently, Farmer Angus Eggs are only available at two Checkers stores in the Western Cape, including Constantia Emporium and the Checkers in Mill Street in Stellenbosch. Farmer Angus Eggs "Eggmobiles" are stationed in each of these stores, offering customers the opportunity to pick their eggs out.

According to Shareholder and Director of Farmer Angus Eggs, Mbhekiseni Khosa, becoming a shareholder and director of a business is a proud moment, and that with the help of Checkers, it will be possible to empower other South Africans.

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Dis-Chem Foundation Provides Water Donations to Port Elizabeth NGOs

In response to Port Elizabeth's critical need for water, the Dis-Chem Foundation has offered its support to three NGOs, in the form of water donations. This action comes as dam levels around the Nelson Mandela Bay municipality fell below 20% capacity, resulting in severe water shortages throughout the region.

The Dis-Chem foundation responded to the current drought in the area by donating water to three NGOs, for distribution to local and surrounding communities, in dire need of water. In particular, the three NGOs that the foundation has donated water to include the Eastern Province Child & Youth Care Centre, MTR Smit Children's Haven, and Ubuntu Pathways.

The Eastern Province Child & Youth Care Centre provides residential care to orphaned and displaced children aged between three and 18 years old, whilst the MTR Smit Children's Haven is focused on providing accommodation for mentally disabled children removed from their parents in terms of the Child Care Act, as well as statutory children between the ages of three and 18 years. Moreover, Ubuntu Pathways provides an integrated support system of education, social, and health support in townships.

Managing Director of Ubuntu Pathways, Tarryn Mthimkhulu indicated her appreciation in terms of having generous partners, mentioning the Dis-Chem Foundation as enabling the organisation to continue to provide essentials to local communities, and save lives.

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LEGISLATION

A hand holding a document in front of a blurred background, with a close-up of a device's keypad in the foreground. The keypad has several buttons, some of which are illuminated with blue light. The overall scene is dimly lit, with a bright light source creating a strong glow in the background.

LEGISLATION

Western Cape to Make Drinks High in Alcohol More Expensive

The Premier of the Western Cape, Alan Winde, announced that the provincial government intends to increase the price of beverages with a high alcohol percentage, by raising minimum unit pricing. It is suggested that this approach could be effective, in terms of reducing the prevalence of binge drinking in communities, although this could negatively affect sales amongst retailers.

More specifically, minimum unit pricing stipulates the floor price for a unit of alcohol, and an increase would therefore result in increased prices amongst some of the cheapest alcoholic products on the market.

In addition to raising minimum unit pricing, it was further indicated that the province would be considering stricter times for the sale of alcohol, even after the end of the National State of Disaster.

These suggested changes will be made in the form of proposed amendments to the Western Cape Liquor Act, which the provincial government intends to fast-track. However, it was further indicated that this tougher approach to alcohol will need to be paired with the introduction of incentives, for liquor outlets and retailers.

Furthermore, it was indicated that the process of making unlicensed vendors compliant would need to be made easier, which would contribute to the reduction and eradication of illegal sales of alcohol within communities in the province.

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Stricter Regulations Proposed for Advertising of Unhealthy Food and Alcohol

Stricter regulations, regarding the advertising and marketing of alcohol and unhealthy foods, have been proposed by the Department of Communications and Digital Technologies. These regulations are designed to protect South African children from potentially harmful advertising, and will impact a variety of sectors, including the local retail sector.

The regulations were contained in a draft Audio and Audiovisual Content Services (AAVCS) white paper, published by the department in early October 2020. The paper proposes that the regulator should develop regulations, in terms of the advertising of both alcohol and unhealthy foods by different stakeholders, including retailers.

More specifically, the paper proposes that regulations should be developed to regulate the advertising of all packaged and unpackaged harmful foods, that are high in salt, sugar, fats, saturated fats, trans-fatty acids, or foods that do not fit within national or international nutritional guidelines. Although regulations were set to be introduced in late 2019 or early 2020, these have not been mooted.

In terms of alcohol, draft regulations have been previously mooted by both the government and the Democratic Alliance. More specifically, the Draft Control of Marketing of Alcoholic Beverages Bill primarily deals with alcohol advertising, including the times alcohol may be shown on television, whilst the Draft Liquor Amendment Bill proposes the banning of alcohol sales and marketing on social media, amongst others.

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