

RETAIL
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THE INTELLIGENCE REPORT

OLDMUTUAL

CORPORATE

AUGUST 2020

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RETAIL INDUSTRY INTELLIGENCE OVERVIEW

GLOBAL NEWS

US Retail Bankruptcies Reach Highest Number in a Decade

The global retail industry has suffered significantly, since the onset of the COVID-19 pandemic, which continues to cause great losses in the industry. In the United States, numbers of retail bankruptcies are the highest they have been in a decade, with a total of 43 retailers filing for bankruptcy in 2020. (3 August 2020)

Amazon Surpasses Expectations as Online Shopping Soars

Global online retailer, Amazon, has reported exceptional second quarter results, including double digit year on year revenue growth. Amazon stated that this revenue growth was aided by the surge of online sales during the COVID-19 pandemic. (30 July 2020)

Retail Workforce Declining During the COVID-19 Pandemic

The COVID-19 pandemic has forced retailers to adapt to changing times, including a radical reorganisation of workers in the industry, many of whom have been hired, furloughed, laid off, or assigned to new roles. Consequently, the pandemic is resulting in significant changes, in terms of the size and the makeup of the retail industry, leaving workers more vulnerable than ever. (22 July 2020)

SA NEWS

The Rise of Personalisation and M-Commerce in Online Shopping

As SA consumers become more comfortable with purchasing products and services online, key trends have emerged in the retail sector. These include the shift from desktop to mobile, as well as consumer expectations of personalised shopping experiences. (31 July 2020)

New Landmark Shopping Centre Opens in Cape Town

On 23 July 2020, Cape Town saw the opening of a landmark 6 500m² shopping centre. This new, environmentally friendly, centre features several large retail brands, such as Pick n Pay, Woolworths Food and Clicks, with some committing to employ people from the local community. (29 July 2020)

Retail Workers Bear the Brunt of the COVID-19 Pandemic

Since level five lockdown, which began at the end of March 2020, food retailers have remained open due to being classified as an essential service. Since then, retail staff have become the most vulnerable during the COVID-19 pandemic, with the infection rate amongst this group being as much as six times the rate of the country. (23 July 2020)

COMPANY NEWS

Pick n Pay Reducing Staff Numbers Through Voluntary Severance

The Cape Town based retail group, Pick n Pay, has announced that it would be implementing a voluntary severance programme VSP, in order to achieve its objective of reducing employee costs. The company expects that the programme will be cost neutral in the long term. (4 August 2020)

Checkers' Sixty60 Delivery App Enhances Competitive Edge

The Sixty60 delivery app and service, offered by Checkers, has shown significant growth during the prior two months, surpassing its competitors with existing delivery applications. As a reflection of its growth, Sixty60 is currently operational from 87 stores, compared to less than 10 stores before the lockdown, on 27 March 2020. (4 August 2020)

Steinhoff Develops Settlement Proposal to Resolve Claims Against it

The Stellenbosch based retailer, Steinhoff, has announced the development of a settlement proposal to assist with the complex multi jurisdictional claims against it. Currently, there are 90 separate claims against the company, totalling approximately R16.5 billion. (27 July 2020)

COMPANY FINANCIAL RESULTS

Shoprite Holdings Limited

According to Shoprite Holdings' operational and voluntary trading update for the 52 weeks ended 28 June 2020, the group performed well despite challenging circumstances. The group's sales of merchandise (including the impact of hyperinflation in the previous year) increased by 6.4 %, to reach approximately R156.9 billion in 2020. (3 August 2020)

Woolworths Holdings Limited

According to Woolworths Holdings Limited's trading update for the 52 weeks ended 28 June 2020, the group reported a tough trading environment, with group sales decreasing by 1.1% in constant currency terms. The group predicts that SA consumers will remain under pressure from the weak economy and the impact of COVID-19 for the foreseeable future. (24 July 2020)

Pepkor Holdings Limited

According to Pepkor Holdings Limited's trading update for the nine months ended 30 June 2020, the group reported a tough trading environment, with revenue decreasing by 1.5% to reach R52.3 billion in 2020. The company's performance was impacted negatively by COVID-19 and the national lockdown, during its third quarter, which resulted in group revenue decreasing by 17.2%. (24 July 2020)





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MERGERS, ACQUISITIONS & PARTNERSHIPS

Cashbuild to Take Full Ownership of The Building Company

It has been announced that The Building Company (TBC), formerly known as Steinbuild, is to be acquired by Cashbuild for a value of approximately R1.1 billion. The building materials retailer and wholesaler, with all its outlets and franchises, is due to become fully owned by Cashbuild upon the conclusion of the transaction. (4 August 2020)

Edcon Accepts Conditional Offer from TFG for Parts of Jet Business

Edcon Business Rescue Practitioners announced, that the company has accepted a conditional offer to enter into discussion with The Foschini Group Ltd (TFG), for the sale of parts of its Jet business. The transaction will only be finalised once a definitive agreement has been signed, which is due to be completed in the third quarter of 2020. (16 July 2020)

INNOVATION & TECHNOLOGY TRENDS

Crocs SA Launches Virtual Shopping Experience

Crocs SA has responded to consumer fears regarding the ongoing COVID-19 pandemic, by launching a virtual shopping experience. Launched on 1 August, this new service is available at selected Crocs stores nationwide and allows customers to be virtually guided through the shop, whilst simultaneously making online purchases. (6 August 2020)

Amazon Dash Cart to Automate the Shopping Experience

Amazon have announced that later this year, they will be launching smart shopping carts, called Dash Carts, which are designed for small to medium sized grocery trips in Amazon grocery stores. Dash Carts will automatically scan items as they are placed inside the trolley, eliminating the need to stand in the checkout line. (16 July 2020)

Pick n Pay Now Offers Direct Cash Deposits at Till Points

All Pick n Pay stores, across the country, now offer customers the opportunity to make direct cash deposits into their bank accounts at till points. This innovation is another first for the retailer, that is increasingly becoming a one stop shop, for customers to do both banking and shopping at the same time. (15 July 2020)

SOCIO-POLITICAL FACTORS

Shoprite Assists Welfare Organisations Through Initiative

The Shoprite Group has been focused on assisting the community with food and essential goods in SA, with the latest being its Act For Change discount buying card. The Act For Change discount buying card is aimed at assisting welfare organisations throughout SA, to purchase food and essential products at discounted prices. (28 July 2020)

Converse Supports "Surfers Not Street Children" Organisation with Donation

Converse, the well known sneaker and apparel brand, has shown its support for the Durban based "Surfers Not Street Children" public benefit organisation (PBO). The company donated R50 000 to support the organisation's continuous efforts to educate the youth and teach them beneficial skills. (28 July 2020)

SPAR Fighting to Help End Gender Based Violence

The Southern Africa retail group, SPAR, has pledged to take action against gender based violence (GBV), by offering sustainable support to GBV victims. As such, the company will use its vast footprint and media reach to offer life changing help to GBV victims. (27 July 2020)

LEGISLATION

Government Promises to Re-evaluate the Alcohol Ban Regularly

After the President reinstated the prohibition on the sale of alcohol on 15 July, Cooperative Governance and Traditional Affairs (COGTA) Minister, Nkosazana Dlamini-Zuma, stated that the government will re-evaluate the country's alcohol ban regularly, and that the ban will be reconsidered as SA lowers its alert levels. (30 July 2020)

BATSA Challenges Government to Set Aside Regulation 45

British American Tobacco SA (BATSA) has made several submissions to the high court in Cape Town. The group is challenging regulation 45 of the Disaster Management Act, gazetted and signed by Cooperative Governance and Traditional Affairs Minister, Nkosazana Dlamini-Zuma. (29 July 2020)

English Government Makes Face Covering Mandatory

The English government has made face coverings mandatory in all shops, supermarkets, shopping centres and enclosed transport hubs from 24 July 2020. This is one more step that the English government is taking, to help curb the spread of the COVID-19 virus, while lifting the national lockdown. (23 July 2020)



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GLOBAL NEWS





GLOBAL NEWS

US RETAIL BANKRUPTCIES REACH HIGHEST NUMBER IN A DECADE

3 August 2020

The global retail industry has suffered significantly since the onset of the COVID-19 pandemic, which continues to cause great losses in the industry. In the United States, numbers of retail bankruptcies are the highest they have been in a decade, with a total of 43 retailers filing for bankruptcy in 2020 so far.

S&P Global Market Intelligence indicated, that this number exceeds the number of annual retail bankruptcies that have occurred, for the past eight years. In 2010, there were 48 bankruptcy filings, following the financial strain resulting from the Great Recession in 2008, when 441 retailers filed for bankruptcy.

Some retailers were experiencing challenges before the pandemic hit. More specifically, Lord & Taylor and J.C. Penney both had difficulty reaching new customers, with young shoppers turning to e-commerce brands, whilst others, such as Neiman Marcus, were struggling with existing debt. However, the current pandemic and its economic impact has compounded these challenges to the extent that these retailers, amongst many others, had to file for bankruptcy.

Moreover, the effects of the COVID-19 pandemic has resulted in additional challenges contributing to retailer struggles, including changing spending habits, pay cuts, job losses, working from home, and fewer social gatherings, all of which reduced the need to buy new in-store clothing. More retail bankruptcies are expected, with an expectation that some companies will be able to adapt, while others will be forced to liquidate.

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AMAZON'S EARNINGS SURPASS EXPECTATIONS AS ONLINE SHOPPING SOARS

30 July 2020

Global online retailer, Amazon, has reported exceptional second quarter results, including double digit year on year revenue growth. Amazon stated that this revenue growth was aided by the surge of online sales during the COVID-19 pandemic.

In terms of earnings, the company reached US\$10.30 per share in quarter 2 of 2020, compared to the expected US\$1.46, according to analysts surveyed by Refinitiv. In addition, the company's revenue reached US\$88.91 billion, versus the expected US\$81.56 billion in the same quarter.

Moreover, Amazon reported that online grocery sales increased by threefold, year over year, in the second quarter. As such, Amazon increased its grocery delivery capacity by more than 160%. This growth occurred even though the company experienced logistics bottlenecks and supply chain shortages, which delayed the company's one and two day delivery services.

Other measures taken by Amazon to absorb consumer demand, have been, through securing additional capacity at its fulfillment centres, a capacity that the company did not think it would need until 2021.

In terms of future outlook, Amazon expects net sales to reach between US\$87.0 billion and US\$93.0 billion in the third quarter of 2020, which equates to year over year growth of between 24% and 33%. In addition, the company further expects to achieve operating income of between US\$2.0 billion and US\$5.0 billion factoring in additional COVID-19 related investments.

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RETAIL WORKFORCE DECLINING DURING THE COVID-19 PANDEMIC

22 July 2020

The COVID-19 pandemic has forced retailers to adapt to changing times, including a radical reorganisation of workers in the industry, many of whom have been hired, furloughed, laid off, or assigned to new roles. Consequently, the pandemic is resulting in significant changes in terms of the size and the makeup of the retail industry, leaving workers more vulnerable than ever.

More specifically, the United States (US) retail workforce decreased significantly during the pandemic, from 15.7 million people being employed by retailers in February 2020, to 14.4 million people in June 2020. Analysts believe that the workforce will continue to shrink, even after the pandemic, with retailers predicted to be unable to make payroll with the same number of employees. Retailers may also discover that they can operate with lower numbers of staff, especially with the lower staff requirements of e-commerce operations.

It is expected that department stores, and other specialty apparel retailers that struggled before the pandemic, will experience the largest long-term staff losses. This is already reflected, by the more than 50% year-over-year drop in employment for clothing retailers, as of June 2020.

There is hope that staff losses could be mitigated, if shoppers return to stores, or increase their online shopping in the coming months. However, should consumer spending decrease due to unemployment or economic uncertainty, the retail industry will continue to see an accelerated downward trajectory and associated job losses.

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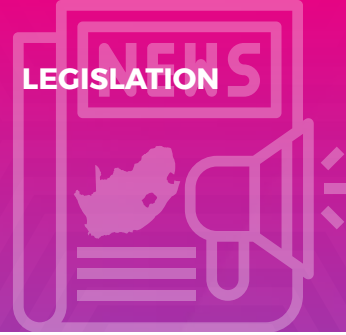
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SA NEWS





SA NEWS

THE RISE OF PERSONALISATION AND M-COMMERCE IN THE ERA OF ONLINE SHOPPING

31 July 2020

As SA consumers become more comfortable with purchasing products and services online, key trends have emerged in the retail sector. These include the shift from desktop to mobile, as well as consumer expectations of personalised shopping experiences.

With the e-commerce industry in SA expected to reach about 31.6 million local users by 2024, it is clear that online shopping will become increasingly commonplace. As such, new trends have emerged that are shaping the industry. Research reveals that online shoppers are shifting from desktop to mobile when doing their online shopping, while millennials are making up a large segment of online mobile shoppers.

Consequently, this increased shopping capability has led to consumers expecting a more personalised shopping experience. For example, 80% of consumers are more likely to buy from retailers that offer personalised experiences, while 63% are willing to increase their spending on a brand that emphasises personalisation.

Accordingly, retailers will need to take into account that online shoppers are becoming more likely to interact with a company from their smartphone and expect relevant tailored content. Therefore, as online shoppers become more discerning, e-commerce retailers will benefit from partnering with a cloud communications expert.

Moreover, by combining innovative messaging and data, a conversational cloud platform could streamline every phase of the shopping journey and offer consumers a personalised mobile experience, increasing satisfaction.

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NEW LANDMARK SHOPPING CENTRE OPENS IN CAPE TOWN

29 July 2020

On 23 July 2020, Cape Town saw the opening of a landmark 6 500m² shopping centre. The fully let Richmond Corner Shopping Centre forms part of Richmond Park, an 84 hectare site that is part of a milestone land restitution settlement.

The new shopping centre is positioned on the busy corner of Plattekleef and Tygervalley roads at the N7 highway off ramp. The Richmond Park land, on which the centre is placed, is amongst the largest property developments in Cape Town, with 300 000m² of greenfield mixed use development rights, and is owned by the Richmond Park Communal Property Association (CPA). Apart from the CPA, other shareholders in Richmond Park include Atterbury, Old Mutual Properties, Qubic 5 Dimensional Property, Bethel Property, and Atlantis.

The new centre features 22 stores that are focused on modern, convenient family shopping. The centre includes large retail brands such as Pick n Pay, Woolworths Food, and Clicks. In addition, Pick n Pay's group brands, such as Pick n Pay Clothing and Pick n Pay Liquor, also has a presence in the centre. Moreover, several of these retailers, as well as the precinct's cleaning contractor, have committed to employ people from the local Richmond Community.

Regarding the new building itself, it is designed to be environmentally friendly, and features built in rainwater harvesting, environmentally friendly and sustainable management, and is built to house its own solar farm in the future.

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RETAIL WORKERS BEAR THE BRUNT OF THE COVID-19 PANDEMIC

23 July 2020

During level five lockdown, which began at the end of March 2020, food retailers have remained open due to being classified as an essential service. Since then, retail staff have become some of the most vulnerable during the COVID-19 pandemic, with the infection rate amongst this group being as much as six times the rate of the rest of the country.

Retail workers have been put in a very difficult situation during the pandemic, due to the "no work, no pay" rule typically adopted in the industry. Currently, with most of the economy open for business under level three lockdown, the entire retail sector is also now open, resulting in an even greater risk of exposure to COVID-19 for retail workers.

In addition, retail stores are also finding it difficult to manage this high risk of infection, as illustrated by regular temporary closures of retail stores, such as Woolworths in Sandton City having to close twice in one month.

Moreover, complaints have also been received by the Department of Health, that some retailers were not adhering to safety protocols. For example, workers at certain retail stores were getting infected, with employers concealing positive cases and not following the required decontamination processes.

It has been suggested, that retail workers should be offered the same protection as those afforded to healthcare workers, due to their ongoing exposure to infection.

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COMPANY NEWS





COMPANY NEWS

PICK N PAY REDUCING STAFF NUMBERS THROUGH VOLUNTARY SEVERANCE PROGRAMME

4 August 2020

The Cape Town based retail group, Pick n Pay, has announced that it would be implementing a voluntary severance programme (VSP), in order to achieve its objective of reducing employee costs. The company expects that the programme will be cost neutral in the long-term.

As of early August, more than 1 400 Pick n Pay staff members have taken the voluntary severance packages that have been offered since March 2020. As part of the VSP, the company offers staff members 1.5 weeks of pay for each completed year of service, in addition to four weeks of notice pay.

Although, the compensation payment costs will have an impact on the company in the first half of the current financial year, the company is confident that the programme will be cost neutral for the full financial year.

As such, it is reasoned that these compensation packages will be fully retrieved through the cost savings that result. Pick n Pay Chief Executive Officer, Richard Brasher, reassured shareholders that the reduction in employee numbers will ultimately reduce the group's operating costs. As such, the VSP is designed to improve the group's performance and will aid in making the group more competitive and sustainable.

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CHECKERS' SIXTY60 DELIVERY APP ENHANCES COMPETITIVE EDGE

4 August 2020

The Sixty60 delivery app and service offered by Checkers, has shown significant growth during the prior two months, surpassing its competitors with existing delivery applications. As a reflection of its growth, Sixty60 is currently operational from 87 stores, compared to less than 10 stores before the lockdown on 27 March 2020.

Since the launch of the Sixty60 app in November 2019, Checkers wanted to relook its initial promise of delivering groceries within an hour, due to an influx in demand during the lockdown. As such, the company revised the app associated delivery, to offer a same day delivery, with customers having the ability to track their order and delivery in real time.

Mergence Investment Managers' Investment Analyst, Lulama Qongqo, stated that the growth of the Sixty60 delivery service is impressive and unexpected. This comes after a comparison was made between Checkers' delivery service and Pick n Pay and Woolworths, that both had online shopping offerings before lockdown. Checkers' Sixty60 offering was perceived as having surpassed both these competitors in this space.

Qongqo further stated that, as online shopping is further bolstered by the COVID-19 pandemic, the percentage of overall business that is made up of online orders is not yet known and may be insignificant. However, it was indicated that the Sixty60 delivery service has provided Checkers with a substantial competitive edge.

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STEINHOFF DEVELOPS SETTLEMENT PROPOSAL TO RESOLVE CLAIMS AGAINST IT

27 July 2020

The Stellenbosch-based retailer, Steinhoff, has announced the development of a settlement proposal to assist with the complex multi jurisdictional claims against it. Currently, there are 90 separate claims against the company, totalling approximately R16.5 billion.

These claims stem from the significant decrease in the group's share price, that resulted from the sudden resignation of its previous Chief Executive Officer (CEO), Markus Jooste, at the beginning of the accounting scandal in late 2017. Louis du Preez, Steinhoff's current CEO, stated that the proposed settlement was collated over 12 months of intensive efforts. However, it was further indicated that he was uncertain if the settlement will be concluded.

If the settlement proceeds, it will result in a payment of up to R5.1 billion (at current exchange rates), in settlement of market purchase claims against Steinhoff International Holdings N.V and Steinhoff International Holdings Proprietary Limited; approximately R2 billion (at current exchange rates) to be paid in settlements of claims and contractual counterparties against Steinhoff International Holdings; and approximately R9.4 billion to be paid in settlements of contractual counterparties against Steinhoff International Holdings Proprietary Limited.

As the future of this settlement is still unclear, the company has indicated its belief that the settlement is in the best interest of all stakeholders.

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COMPANY FINANCIAL RESULTS





COMPANY FINANCIAL RESULTS

SHOPRITE HOLDINGS LIMITED

3 August 2020

According to Shoprite Holdings' operational and voluntary trading update for the 52 weeks ended 28 June 2020, the group performed well despite challenging circumstances. The group's sales of merchandise (including the impact of hyperinflation in the previous year) increased by 6.4%, to reach approximately R156.9 billion in 2020.

In particular, the group's Supermarkets RSA division reported an 8.7% growth in sales, which was inclusive of liquor sales, and was underpinned by a strong second half that experienced a 7.5% sales growth.

The Shoprite Group remains committed to customer demands while also focusing on value. This is evident in the group's digital voucher innovation, continuous private label development, and the conversion of Checkers Food Services (CFS) business to include customer facing offerings. In addition, the Checkers Sixty60 digital shopping application has rapidly expanded and has been exceptionally well received, being operational from 87 stores nationwide by June 2020.

Furthermore, the national lockdown imposed by the government to curb the spread of COVID-19, has resulted in customer visits decreasing by 7.4% for the year, however, at the same time, the average basket spend increased significantly by 18.4%.

Moreover, the group also experienced a 2.3% increase in volume growth, which can be attributed to excellent execution across the business, along with considerable efforts from suppliers.

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WOOLWORTHS HOLDINGS LIMITED

24 July 2020

According to Woolworths Holdings Limited's trading update for the 52 weeks ended 28 June 2020, the group reported a tough trading environment, with group sales decreasing by 1.1% in constant currency terms from the previous year.

In SA, Woolworths Food continued its positive trajectory into the last nine weeks of the second half of the year (H2), showing sales growth of 16.1%. This significant growth can be attributed to the easing of lockdown regulations and allowing Woolworths Food to sell product categories that were previously restricted.

Furthermore, the group is focused on expanding its online capabilities, like its "click & collect" initiative, as well as increased delivery slots, through its online channel which experienced online food sales growing significantly by 87.8% in H2.

In terms of SA Woolworths Fashion Beauty home (FBH) business, stores re opened from the beginning of May 2020, after lockdown restrictions were eased and consumers could purchase essential items, such as winter clothing. This resulted in a 12.4% decline in sales in the last nine weeks of H2, compared to the 61.4% decline in the preceding eight weeks. In contrast to this, FBH online sales experienced a significant growth of 41.3% in H2.

The group predicts that SA consumers will remain under pressure from the weak economy and the impact of COVID-19 for the foreseeable future. However, the group will continue to monitor and manage these challenges carefully.

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PEPKOR HOLDINGS LIMITED

24 July 2020

According to Pepkor Holdings Limited's trading update for the nine months ended 30 June 2020, the group reported a tough trading environment, with revenue decreasing by 1.5%, to reach R52.3 billion in 2020. The company's performance was impacted negatively by COVID-19 and the national lockdown, which resulted in group revenue decreasing by 17.2%, during the third quarter.

In terms of clothing and general merchandise continuing operations, revenue decreased by 1.7% for the nine month period, which was negatively impacted by a revenue decrease of 15.9% during the third quarter.

Furthermore, the Pep and Ackermans brands in aggregate experienced a decrease in sales of 0.4% for the nine months, with a decrease in like for like sales of 3.5%. However, sales for Pep and Ackermans were positive in May and June 2020, as stores reopened.

Trading showed to be resilient, due to its defensive discount and value market positioning, as consumers prioritised apparel spending which includes products for babies and children, clothing, and a focus on basic and replenishment products.

The company estimated that it lost approximately R5.0 billion in revenue during the lockdown in April 2020. However, a significant demand from consumers has led to extraordinarily strong trade during May and June 2020, as lockdown measures were eased.

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MERGERS, ACQUISITIONS & PARTNERSHIPS



MERGERS, ACQUISITIONS & PARTNERSHIPS

CASHBUILD TO TAKE FULL OWNERSHIP OF THE BUILDING COMPANY

4 August 2020

It has been announced that The Building Company (TBC), formerly known as Steinbuild, is to be acquired by Cashbuild for a value of approximately R1.1 billion. The building materials retailer and wholesaler, with all its outlets and franchises, is due to become fully owned by Cashbuild upon the conclusion of the transaction.

With the acquisition of TBC, Cashbuild will be adding 160 outlets and 21 franchises to its portfolio, including brands such as Timber City, Buco, and Tiletoria. Furthermore, Cashbuild will also acquire TBC's presence in Botswana, Namibia, and Zambia, providing products to residents, commercial and industrial markets.

The acquisition is anticipated to increase Cashbuild's store footprint in the Western Cape, Eastern Cape, and KwaZulu-Natal, as well as promote a broader reach into the middle-to-higher income customer segment, which is currently an underserved target market by Cashbuild's current offerings.

Werner de Jager, Cashbuild Chief Executive Officer, stated that the acquisition forms part of the group's footprint expansion strategy, giving the group access to additional market segments.

On 3 August 2020, the TBC acquisition entered into a definitive sale and purchase agreement (SPA), with the transaction being subject to all regulatory approvals, including by relevant competition authorities.

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EDCON ACCEPTS CONDITIONAL OFFER FROM TFG FOR PARTS OF JET BUSINESS

16 July 2020

Edcon Business Rescue Practitioners announced, that the company has accepted a conditional offer to enter into discussion with The Foschini Group Ltd (TFG), for the sale of parts of its Jet business. The transaction will only be finalised once a definitive agreement has been signed, which is due to be completed in the third quarter of 2020.

This agreement is subject to various conditions and regulatory approvals, including that of the Competition Authorities. Upon the announcement by the Business Rescue Practitioners, it was added that they were pleased by this offer and that it represents a significant step in the business rescue process of the company.

Furthermore, the Edcon Business Rescue Practitioners stated that if the deal is successful, it will allow the company to continue to contribute to the economy, which in return, will positively impact on the entire retail value chain, including suppliers and landlords. This deal would therefore serve to boost a local economy, that has been impacted significantly, due to headwinds and change.

Should the deal be successful, parts of the Jet Business will be joined with TFG, which is home to an extensive portfolio of 29 retail brands across clothing, footwear, jewellery, sportswear, homeware, cellphones, and technology product categories. Furthermore, the company also has a footprint in 32 countries, with more than 4 085 outlets in upper market segments.

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INNOVATION AND TECHNOLOGY TRENDS





INNOVATION AND TECHNOLOGY TRENDS

CROCS SA LAUNCHES VIRTUAL SHOPPING EXPERIENCE

6 August 2020

Crocs SA has responded to consumer fears regarding the ongoing COVID-19 pandemic, by launching a virtual shopping experience. Launched on 1 August 2020, this new service is available at selected Crocs stores nationwide, allowing customers to be virtually guided through the shop, whilst simultaneously making online purchases.

Crocs SA stated that customers will have access to a dedicated shop assistant, through clicking a button or through a phone call. The assistant will guide them through the store while customers shop online. Customers will also be able to view new products and trends ahead of the spring or summer season.

Moreover, to encourage further safe shopping, as part of this experience, customers have the option to obtain their orders through contactless curbside pick up after an order has been processed. Their personal shopping assistant will meet them outside to deliver a convenient and safe shopping service. However, customers can also request a courier delivery directly to their homes, which is available at a standard delivery fee.

Through this new innovative service, Crocs is showing how retailers can adapt and redesign their customers' shopping experience. With this new feature, Crocs aims to provide some form of normality to its customers and allow them to immerse themselves virtually in a branded store from the comfort of their homes.

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AMAZON DASH CART TO AUTOMATE THE SHOPPING EXPERIENCE

16 July 2020

Amazon have announced that later this year, they will be launching smart shopping carts, called Dash Carts, which are designed for small to medium sized grocery trips in Amazon grocery stores. Dash Carts will automatically scan items as they are placed inside the trolley, eliminating the need to stand in the checkout line.

In order to use the cart, customers must scan a QR code in the Amazon app with the reader, on the cart. As the customer adds items to the cart, they will need to wait until they hear a beep, indicating that the cart has read the item. If the cart was not able to read the item, the cart turns orange and the customer will need to try again.

The Dash Cart uses a combination of computer vision algorithms and sensor fusion, to identify items put in the cart. In addition, customers can also access their Alexa Shopping List through the screen provided on top of the cart, which will also allow customers to view their current subtotal, as well as scan coupons while they shop.

When the shopper is done, they can simply exit through the Amazon Dash Cart Lane. The cart will be automatically identified when shoppers exit through the lane, while the payment is made using the credit card details registered on the customer's Amazon account, with the receipt being emailed to the customer.

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PICK N PAY NOW OFFERS DIRECT CASH DEPOSITS AT TILL POINTS

15 July 2020

All Pick n Pay stores, across the country, now offer customers the opportunity to make direct cash deposits into their bank accounts at till points. This innovation is another first for the retailer, that is increasingly becoming a one stop shop for customers to do both banking and shopping, at the same time.

For the past few years, customers have been able to withdraw cash from till points at any Pick n Pay store. However, they can now deposit cash, up to the value of R5 000 per transaction, into their bank accounts, with a set transaction fee of R19.95.

Over the last year, Pick n Pay has facilitated over R36 billion in cash withdrawals at its stores, which is steadily increasing as customers enjoy the convenience of banking without having to travel to an ATM or bank branch, and thereby saving time and money on transport.

The other role players involved in this service are Visa, Mastercard, as well as Absa. In addition, any cash deposits made by Visa cardholders will reflect on their bank account in real time.

Pick n Pay has demonstrated that enabling cash deposits at tills, can bring new levels of convenience to shoppers and small business owners, as well as speeding up the transition towards a cashless and more inclusive society.

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SOCIO-POLITICAL FACTORS



SOCIO-POLITICAL FACTORS

THE SHOPRITE GROUP ASSISTS WELFARE ORGANISATIONS THROUGH ACT FOR CHANGE INITIATIVE

28 July 2020

The Shoprite Group has been focused on assisting the community with various initiatives to assist with food and essential goods in SA, with the latest being its Act For Change discount buying card. The Act For Change discount buying card is aimed at assisting welfare organisations throughout SA, to purchase food and essential products at discounted prices.

The Act For Change card allows qualifying non-profit organisations (NPO's) to purchase goods from Shoprite at a 5% discount, while giving them 30 days to pay without interest, with no admin, annual, or renewal fees being applicable.

The card can be used to purchase goods at any of the Shoprite Group outlets, including Shoprite, Checkers, Checkers Hyper, MediRite, House & Home, Usave, and OK Furniture.

In addition to assisting NPO's financially, the card also allows donors to make direct donations into the card, which ensures that their money is spent on items which can only be purchased at Shoprite Group Stores.

The Act For Change discount card has already been used by Neighbourhood Old Age Homes (NOAH), as well as VUSA Rugby and Learning Academy. These organisations have provided positive feedback and gratitude for this initiative, which has enabled them to obtain food during lockdown.

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CONVERSE SUPPORTS "SURFERS NOT STREET CHILDREN" ORGANISATION WITH DONATION

28 July 2020

Converse, the well known sneaker and apparel brand, has shown its support for the Durban based "Surfers Not Street Children" public benefit organisation (PBO). The company donated R50 000 to support the organisation's continuous efforts to educate the youth and teach them beneficial skills.

In addition to donating the money, Converse also handed out hampers for each child that was present at the cheque handover event, that took place at the Surf Club South Beach. These hampers included a range of merchandise, that included a t-shirt and sneakers.

Furthermore, the donation from Converse was made possible through a long-term project which was rolled out in retail stores, whereby the brand sold a line of statement patches for R15 each. These patches could be applied to a wardrobe piece to customise it, with the brand donating R50 to "Surfers Not Street Children" for each patch that was sold.

In terms of "Surfers Not Street Children", this organisation has been focused on street children and children at risk of street connectedness in Durban since 2012. Additionally, the organisation follows a multifaceted approach focused on surfing and mentorship, as well as psychosocial care. As such, the organisation aims to help empower these children to leave the streets for good and become independent and self sustainable individuals.

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SPAR FIGHTING TO HELP END GENDER BASED VIOLENCE

27 July 2020

The Southern Africa retail group, SPAR, has pledged to take action against gender based violence (GBV), by offering sustainable support to GBV victims. As such, the company will use its vast footprint and media reach to offer life changing help to GBV victims.

Furthermore, as part of this initiative to end GBV, SPAR partnered with LifeLine, an established and resourceful trauma counselling call centre, to provide immediate and professional support to victims. Additionally, the group is also involved in various care centres and initiatives, including the Women's Month 'Make Change Happen' initiative.

In terms of centres, the group support includes the Saartjie Baartman Centre for Women and Children in the Western Cape, the Port Elizabeth Rape Crisis Centre in the Eastern Cape, The Open Door Crisis Centre in KZN, and the Greater Rape Intervention Project in the Lowveld.

Moreover, SPAR is determined to make a difference and to take on the fight against GBV through various channels, including in store, radio, and social media platforms, with the bold message of 'END GBV'.

The SPAR Group Chief Executive Officer, Graham O'Connor, stated that he offers both his and his organisation's support to GBV victims, by working towards a practical solution which can help free society from all GBV.

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LEGISLATION



LEGISLATION

GOVERNMENT PROMISES TO RE-EVALUATE THE ALCOHOL BAN REGULARLY

30 July 2020

After President Cyril Ramaphosa reinstated the prohibition on the sale of alcohol on 15 July 2020, Cooperative Governance and Traditional Affairs (COGTA) Minister, Nkosazana Dlamini-Zuma, stated that the government will re-evaluate the country's alcohol ban regularly. It was further stated that this review will consider the hardships facing the economy and the livelihoods affected as a result of the ban.

The President stated that the reason for the sudden alcohol ban were due to the country's hospital beds being taken up by alcohol related trauma cases. However, Dlamini-Zuma further stated that the government had no desire to leave this prohibition in place for longer than is necessary.

This is also in line with previous comments made by the President, who stated that the prohibition on the sale of alcohol is not a permanent ban, but rather a suspension to allow the country's healthcare systems to focus on the COVID-19 pandemic.

The President further stated that the sale of both alcohol and tobacco products would be reconsidered as the country lowers its alert level in the future.

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BATSA CHALLENGES GOVERNMENT TO SET ASIDE REGULATION 45 OF DISASTER MANAGEMENT ACT

29 July 2020

British American Tobacco SA (BATSA), along with nine other applicants, made several submissions in a court application before the high court in Cape Town. The group is challenging regulation 45 of the Disaster Management Act, gazetted and signed by Cooperative Governance and Traditional Affairs (COGTA) minister, Nkosazana Dlamini-Zuma.

Some of the submissions made by BATSA, and other applicants, include that the lockdown regulation prohibiting the sale of tobacco products, violate the right of every participant in the tobacco and vaping products supply chain. Furthermore, the group stated that the minister who put this regulation into effect does not have the power under the law to prohibit the sale and distribution of these products.

This court case may mirror that of the challenge by the Fair Trade Independent Tobacco Association (FITA), which was dismissed by the high court in Pretoria last month. However, it is argued by the counsel for the applicants that this case is different. The counsel stated that the FITA case did not make its challenge based on the Bill of Rights and that the judgement did not address constitutional issues.

In BATSA's case, the group submitted that regulation 45 should be reviewed and set aside, based on the fact that the Minister was not authorised to institute the ban. Additionally, it is being argued that this prohibition is not authorised by the law, and is thus deemed unlawful, in terms of the principle of legality.

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ENGLISH GOVERNMENT MAKES FACE COVERING MANDATORY IN CERTAIN PUBLIC SPACES

23 July 2020

The English government has made face coverings mandatory in all shops, supermarkets, shopping centres and enclosed transport hubs from 24 July 2020. This is one more step that the English government is taking, to help curb the spread of the COVID-19 virus, while lifting the national lockdown.

Under the new regulations, members of the public must wear face coverings in retail settings, which can be either a fabric covering, scarf or bandana, that covers the nose and mouth in enclosed public spaces. This is in addition to recommendations on frequent hand washing and careful social distancing.

In addition, members of the public must also wear a face covering when buying food and drinks to take away from cafes and shops. However, face coverings will not be mandatory for anyone under the age of 11 and people with disabilities that make it difficult for them to wear a face covering. For those that do not abide by the new regulations, they could face a fine by the police of up to £100, which is currently the case with public transport.

Other venues that are excluded from this regulation, include those that have measures in place to protect staff and the public from COVID-19. These include eat-in restaurants and pubs, hairdressers and other treatment salons, gyms and leisure centres, as well as cinemas, concert halls, and theatres.

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