

RETAIL
INDUSTRY

75
YEARS



THE INTELLIGENCE REPORT

OLDMUTUAL

CORPORATE

MAY 2020

START →

IN THIS ISSUE

INTELLIGENCE OVERVIEW →

TRENDS & NEWS →

MERGERS & ACQUISITIONS →

INNOVATION & TECH TRENDS →

SOCIO-POLITICAL FACTORS →

LEGISLATION →



INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



RETAIL INDUSTRY INTELLIGENCE OVERVIEW





RETAIL INDUSTRY INTELLIGENCE OVERVIEW

GLOBAL NEWS

Significant Global Retail Sales Drop Expected

The COVID-19 pandemic is having a significant impact on the global retail sector, with non-essential retail categories taking the hardest hit. International market research company, Forrester, predicts that global retail sales will lose approximately US\$2.1 trillion in 2020, representing a 9.6% decline from the previous year. (10 May 2020)

Adidas Struggles Due to Global COVID-19 Pandemic

The well-known sportswear firm, Adidas, is experiencing financial hardship due to the global COVID-19 pandemic. There has been a 60% reduction in the company's business, with approximately 70% of its stores being closed worldwide. (27 April 2020)

Foot Traffic at Major Retailers Fall Despite Increased Demand

Foot traffic at major retail stores across the United States (US) have decreased significantly, following the surge of visits in the early stages of the COVID-19 pandemic. This drop in traffic is partially attributed to self-imposed restrictions and stricter social distancing measures that have been put in place by retailers such as Walmart, Target and Costco. (14 April 2020)

SA NEWS

Long-Term Impact of COVID-19 on SA Consumer Behaviour

The COVID-19 pandemic has already had a significant impact on consumer behaviour in SA, partially due to social distancing measures that have been put in place. Consequently, more South Africans are turning to online shopping for grocery items, which has previously been a niche category in the online retail space. (29 April 2020)

SA's Largest Retailers Offer to Pay a Fifth of Rent

A newly formed forum representing SA's five largest clothing retailers, including Pepkor, TFC, Truworths, Mr Price, and Woolworths, has proposed to collectively pay landlords approximately 20% of their rent for the month of April. This announcement comes after some of these retailers originally stated that they would not pay rent during the lockdown. (15 April 2020)

Price-Hiking Complaints Surge During the COVID-19 Outbreak

The Competition Commission stated that it has received approximately 559 complaints against retailers and suppliers charging excessive prices for essential products since the State of National Disaster was declared. Most of the complaints were related to the excessive pricing of hand sanitisers and face masks. (2 April 2020)

COMPANY NEWS

Plettenberg Bay SPAR Makes Shelves Available to Local Businesses

The Beacon Isle KWIK SPAR, in Plettenberg Bay, has made shelf space available to local stores and restaurants to enable them to sell some of their products during level four of the national lockdown. This offer comes in the wake of, the inability of some restaurants and stores to open their doors and trade, due to the lockdown restrictions. (6 May 2020)

Dis-Chem Under Scrutiny as Price Hike Claim Continues

Dis-Chem, the well-known pharmaceutical retailer, has been accused of unjustifiably hiking prices, by the Competition Commission of South Africa. The company is alleged to have increased the prices of essential products, during the COVID-19 pandemic, and faces serious consequences if the allegations are found to be accurate. (5 May 2020)

Food Lover's Market Highlights the Importance of Farmers

In April 2020, Food Lover's Market launched the "Our Farmers, Our Heroes" campaign, to assist in creating awareness of the important role played by farmers during the COVID-19 pandemic. This campaign was launched in response to the financial difficulties being experienced by farmers during the COVID-19 pandemic and lockdown. (23 April 2020)

COMPANY FINANCIAL RESULTS

Clicks Group Limited

According to the latest interim results for the six months ended 29 February 2020, Clicks Group Limited reported a 9.9% increase in group turnover from the previous period, to reach R16.9 billion. In particular, the group highlighted the significant 31.2% growth in revenue of its UPD division, as a result of customer response to the COVID-19 outbreak. (23 April 2020)

Shoprite Holdings

According to Shoprite Holdings' unaudited financial results for the 26 weeks ended 29 December 2019, the group's sale of merchandise increased by 7.0%, from approximately R75.8 billion in 2018 to R81.2 billion in 2019. This increase is the result of a 4.4% increase in volume of products sold, as well as a 2.1% increase in customer numbers. (25 February 2020)

Truworths International Ltd

According to the latest unaudited group interim results for the 26 weeks ended 29 December 2019, Truworths International Ltd reported a 1.2% increase in revenue, reaching approximately R11.0 billion in 2019, compared to approximately R10.9 billion in 2018. The group predicts that the trading environment in SA will remain challenging, due to the economic hardship the country is experiencing. (20 February 2020)





RETAIL INDUSTRY INTELLIGENCE OVERVIEW

MERGERS, ACQUISITIONS & PARTNERSHIPS

Woolworths Partners with Infinity Culinary Training

It has been announced, that Woolworths has formed a partnership with Infinity Culinary Training (ICT), in order to serve approximately 1 000 daily meals to Cape Town's most vulnerable communities. (30 April 2020)

FreshStop Partners with Mr D Food

In response to the COVID-19 pandemic, and the associated changes in consumer behaviour, FreshStop has partnered with Mr D Food to meet changing customer needs during the lockdown and further mitigate the negative financial impact of the lockdown on each of these companies. (29 April 2020)

Pepkor's Flash and DG Murray Trust Combine Forces

It has been announced, that Pepkor's subsidiary and retail technology service provider, Flash, has partnered with the DG Murray Trust to help approximately 7 000 at-risk households, in five food-insecure communities across SA. The assistance has taken the form of electronic food vouchers, also known as the CoCare Voucher Programme, and is worth R2 million. (24 April 2020)

INNOVATION & TECHNOLOGY TRENDS

Simons Implements AI Merchandising and Inventory Technology

Quebec-based upscale department store retailer, Simons, is implementing Retalon's new artificial intelligence (AI) and predictive analytics technology, to minimise inventory costs and support omni-channel growth during its period of expansion in Canada and the United States. (6 May 2020)

Local Grocery Delivery Startup Thrives during Nationwide Lockdown

Local startup, Zulzi, has reported a surge in the usage of its on-demand grocery delivery app, which connects users with the app's shoppers, to help track their orders in real-time. The company grew by 400% a month before lockdown and has experienced a further 200% growth, during the lockdown period, allowing the company to create 450 new jobs. (2 May 2020)

Free Tool Allows Spaza Shops to Sell Essential Goods Online

A new free tool, the Redshift Store Connector, was launched during the government-imposed lockdown to allow local retailers, such as small businesses in townships and informal traders selling essential items, to set up an online presence and sell their goods to surrounding communities. (21 April 2020)

SOCIO-POLITICAL FACTORS

Food Lover's Market Encourages Customers to Donate a Meal

Food Lover's Market has launched its fourth, annual Hunger Month campaign, in May 2020. This year the company is encouraging customers to contribute to FoodForward SA, in order to provide assistance to the growing numbers of individuals in need of food, due to the COVID-19 pandemic. (4 May 2020)

Fast Food Chains Team Up to Feed the Hungry

Fast food chains Nando's, McDonald's, and KFC have joined forces with Joint Aid Management (JAM), to help provide food to those in need during the nationwide COVID-19 pandemic and lockdown. Nando's will not be opening its stores for deliveries, however, would provide meals to vulnerable communities. (1 May 2020)

Shoprite Group Launches Initiatives to Fight Hunger

The Shoprite Group has committed itself to fighting hunger in SA, during the COVID-19 lockdown, through various initiatives, which have resulted in the donation of thousands of meals and millions of Rands worth of food. In addition to these donations, the group's other initiatives include donations to the Solidarity Fund, Shoprite Mobile Soup Kitchens, and Act for Change Fund, amongst others, in order to help fight hunger during this period. (22 April 2020)

LEGISLATION

Grocery Retail Market Inquiry Recommendations Postponed

The Grocery Retail Market Inquiry (GRMI) and the Department of Trade, Industry and Competition (DTIC) have agreed that the period for the GRMI's recommendations, regarding lease engagements and agreements, will be extended by three months, as a result of the government-imposed lockdown. (30 April 2020)

New Regulations for Retailers under Level Four Lockdown

From the first of May 2020, SA is to slowly reopen the economy, starting with a level four lockdown to curb the spread of COVID-19. While certain restrictions are still in place, clothing retailers, spaza shops, hardware shops, and wholesalers are permitted to re-open. In addition to the re-opening of more retail stores, the government has expanded the list of essential goods allowed to be sold. (30 April 2020)



INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



GLOBAL NEWS



GLOBAL NEWS

SIGNIFICANT GLOBAL RETAIL SALES DROP EXPECTED

The COVID-19 pandemic is having a significant impact on the global retail sector, with non-essential retail categories being amongst the hardest hit. International market research company, Forrester, predicts that global retail sales will decline by approximately US\$2.1 trillion in 2020, representing a 9.6% decline from the previous year.

In terms of the impact of the pandemic on retailers, in major regions across the globe, the effects are dependent on the various stages of the pandemic that each country finds itself in. In the United States, 2020 retail sales are expected to decline by 9.1% from 2019, a loss of approximately US\$321 billion in 2020.

In terms of the European region, retail sales are expected to fall by approximately €260 billion, across all key markets. Moreover, the most negatively affected region is expected to be the Asia-Pacific region, with a predicted US\$767 billion loss in 2020, a 10% decline from 2019.

Furthermore, Forrester predicts that it will take retailers approximately four years to recover to pre-pandemic levels of retail sales, with some retailers being more affected than others. Although retail categories, such as grocery and essential consumables, are performing well, categories such as beauty and cosmetics, as well as fashion, are experiencing significant declines in consumer spending.

As online retail sales have proven to be more resilient than brick-and-mortar sales during this time, retailers across the globe will be required to manage their costs and focus on e-commerce sales, in order to mitigate the negative impact of the pandemic.

[READ MORE](#)

ADIDAS STRUGGLES DUE TO GLOBAL COVID-19 PANDEMIC

The well-known sportswear firm, Adidas, is experiencing financial difficulty due to the global COVID-19 pandemic. Business has declined by 60%, with approximately 70% of its stores being closed worldwide.

Consequently, Adidas reported that its first-quarter operating profit had decreased by 93%, to €65 million, representing a significant shortfall from the expected €263 million predicted by analysts. Furthermore, sales also decreased by 19%, to €4.75 billion, in the period under review.

However, the company's e-commerce sales increased by 35% in the first quarter, accelerating to 55% in March. Nonetheless, the company reported that e-commerce sales would not be sufficient to compensate for the loss of in-store sales.

In terms of the second quarter, the company warned of a possible 40% fall in sales numbers as well as a significant drop in operating profit, that may amount to hundreds of millions of Euros.

Adidas also reported that the company is faced with issues of unsold stock. Consequently, the company has partially cancelled orders with suppliers for the second- and third quarters, after inventories increased by more than a third in the first quarter. In response to this, Adidas is planning to repurpose some of the unsold stock into products to be sold in 2021, whilst also selling the rest at a discounted price through partners, as well as its own online and outlet stores.

[READ MORE](#)

FOOT TRAFFIC AT MAJOR RETAILERS FALL DESPITE INCREASED DEMAND

According to foot traffic analytics platform, Placer.ai, foot traffic at major retail stores across the United States (US) has decreased significantly, following the surge of visits in the early stages of the COVID-19 pandemic.

When the COVID-19 crisis emerged in the US, retailers such as Walmart, Target, Costco, and Sam's Club all saw significant growth in weekly visits, compared to the previous year, hitting a peak in mid-March. However, foot traffic for the fourth week of March and the first week of April decreased by more than 30% at Target, and by more than 20% at Walmart stores.

The decline in foot traffic are partially attributed to self-imposed restrictions and stricter social distancing measures put in place by these retailers. For example, restrictions put in place by Walmart, include a maximum of five customers per 1 000 square feet, which equates to almost 20% of any of its stores' capacity. In addition, Target has also started to actively monitor and limit shopper traffic across its outlets.

Moreover, Costco has updated its policy to temporarily limit its shoppers to only two people per membership card. The company had previously allowed members to bring two guests, as well as their children.

Despite this drop in foot traffic, some major retailers and grocery retailers have seen an increase in demand for certain household goods, leading to mass hiring at stores such as Walmart, Costco, and Amazon, although massive job losses continue to occur across the US.

[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



SA NEWS



SA NEWS



LONG-TERM IMPACT OF COVID-19 ON SA CONSUMER BEHAVIOUR

The COVID-19 pandemic has already had a significant impact on consumer behaviour in SA, partially due to social distancing measures that have been put in place, to avoid contracting and spreading the virus during shopping.

According to a recent Nielsen syndicated study on the impact of COVID-19 on SA consumer behaviour, 37% of South Africans indicated that they are turning to digital shopping alternatives, as a means of safe shopping during the nationwide lockdown. Consequently, online shopping platforms, particularly those offering groceries, medicines, and other necessities, have seen a surge in usage over the last few weeks.

This development points to a shift in shopping behaviour amongst SA consumers. Previously fashion, travel, and entertainment categories had been the main reasons for consumers to enter the online retail space, and grocery categories, having been slow to gain traction. However, the lockdown has reshaped this consumer pattern, and has increased the adoption of online shopping for grocery items, over the past few weeks.

As a result, in-store retailers are adapting by offering click and collect services and e-commerce platforms, whilst also extending their product offerings to include fresh groceries. It is therefore expected that, there will be a permanent increase in online shopping numbers, even after the pandemic has ended, as behaviours adopted during this period may likely translate into long-term habits.

[READ MORE](#)

SA'S LARGEST RETAILERS OFFER TO PAY A FIFTH OF RENT

A newly formed forum representing SA's five largest clothing retailers, including Pepkor, TFC, Truworths, Mr Price, and Woolworths, has proposed to collectively pay landlords approximately R220 million in rent for April, equating to approximately 20% of what is due. This announcement comes after most of these retailers, including other players such as KFC and Dis-Chem, originally stated that no rentals would be paid for April, due to the government-imposed lockdown.

This proposal by retailers comes after the Property Industry Group, a joint initiative consisting of the South African Real Estate Investment Trust Association (SA Reit), the South African Property Owners Associations (Sapoa), and the SA Council of Shopping Centres, had come up with a package of rental relief measures for various types of tenants, from small businesses to major retailers.

The package offered the most rental relief to smaller players, while a rental discount of 35% was offered to major retailers. However, the clothing retailers have proposed to pay 20% of their normal rental amount, in addition to utilities they consumed during the lockdown.

Although the retailers had received legal advice and opinions stating that their rentals are not due during lockdown, for those who are not operating, a more constructive approach that would benefit both retailers and landlords, was preferred.

[READ MORE](#)

PRICE-HIKING COMPLAINTS SURGE DURING THE COVID-19 OUTBREAK

The Competition Commission stated that it has received approximately 559 complaints against retailers and suppliers, accused of charging excessive prices for essential products, since the State of National Disaster was declared. Most of the complaints were related to the excessive pricing of hand sanitisers and face masks, in addition to toilet paper, flu medication, and other products.

The commission is currently prioritising cases against national retailers and suppliers, as well as cases stemming from complainants who are essential services professionals. The complaints are undergoing expedited preliminary investigations, with over 100 letters having already been issued to firms, which have 48 hours to confirm or refute allegations.

Some of these firms have responded, indicating that the increase in pricing was due to promotional pricing in December and January, that were now reverting to normal in February, which was coincidentally the same time as the COVID-19 outbreak.

Consequently, to avoid this situation, the SPAR group has started to inform the commission about promotional prices for essential goods, for the month of April. Therefore, when prices go back to normal after the promotion, the group would avoid being accused of inflating prices.

At the same time, the commission has witnessed some of the other larger national retailers practicing price discipline across their branches, including Massmart, who vowed to freeze prices at all of its stores for the duration of the government-imposed lockdown.

[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



COMPANY NEWS





COMPANY NEWS

PLETTENBERG BAY SPAR MAKES SHELVES AVAILABLE TO LOCAL BUSINESSES

The Beacon Isle KWIK SPAR, in Plettenberg Bay, has made shelf space available to local stores and restaurants to enable them to sell some of their products during level four of the national lockdown. This offer comes in the wake of, the inability of some restaurants and stores to open their doors and trade, due to the national lockdown restrictions imposed in the country.

Although it is possible for customers to order food from local eateries and stores, for delivery, during level four of the lockdown, various establishments are still not able to open. Additionally, these eateries will not be able to survive through food deliveries alone, whilst the ban on the sale of alcohol is predicted to have a severe impact on the revenue of stores.

In response to this, the Beacon Isle KWIK SPAR has opened a section of its store to local businesses' products. All the items in this section are supplied by local restaurants and stores, with no mark-up on the products, and all sales proceeds going to the respective restaurants and businesses.

In addition to providing shelf space, SPAR is also involved in various other projects to support communities and individuals that are struggling, due to COVID-19. As an example, the SPAR group has partnered with the Good Things Guy via the 'Backabuddy' fund, to help fellow citizens.

[READ MORE](#)[READ MORE](#)

DIS-CHEM UNDER SCRUTINY AS PRICE HIKE CLAIM CONTINUES

Dis-Chem, the well-known pharmaceutical retailer, has been accused of unjustifiably hiking prices, by the Competition Commission of South Africa. The company is alleged to have increased the prices of essential products, during the COVID-19 pandemic, and faces serious consequences if the allegations are found to be accurate.

In terms of the alleged price increases, it was indicated that Dis-Chem increased the prices of its 50-piece surgical face masks by 261%. This product was priced at R43.47 in February 2020, compared to the current price of R156.95 in March.

In reaction to these allegation, Dis-Chem's Advocate, Michelle le Roux, stated that it would not be appropriate to prosecute the company. The company has justified the increase in prices, by suggesting that these were due to increased price quotations from suppliers, as well as delays in delivery in January and February, which the company was forced to compensate for. In further mitigation, the company indicated that it was forced to source face masks from suppliers worldwide, increasing costs substantially.

Should Dis-Chem be found guilty of these allegations, the company will be forced to forfeit 10% of its turnover during this period. In addition to the forfeit of its turnover, the company also runs the risk of other administrative penalties, the value of which has not yet been announced.

[READ MORE](#)

FOOD LOVER'S MARKET HIGHLIGHTS THE IMPORTANCE OF FARMERS

In April 2020, Food Lover's Market launched the "Our Farmers, Our Heroes" campaign, to assist in creating awareness of the important role played by farmers during the COVID-19 pandemic. This campaign was launched in response to the financial difficulties being experienced by farmers during the lockdown, with farmers who are preparing for the 2020 summer production, having limited access to financial assistance from the government.

In addition to the company's efforts in increasing awareness regarding farmers' roles and importance in SA, the campaign is also highlighting its continuous partnership with, and commitment to, its 400 farmers and 80 smallholder growers during the COVID-19 pandemic and lockdown.

As such the company is continuing to purchase fresh produce from farmers and smallholder growers at market-related prices, supporting farmers and maintaining a sustainable supply of goods to its stores. This campaign has taken the form as advertisements on radio, television, local print, and digital ads on social media.

In addition to increasing awareness of the importance of farmers, this campaign has also made it possible for the public to thank these farmers for what they do, through social media posts. Food Lover's Market CEO, Brian Coppin, is positive that through the company's partnership with its farmers, the company will be able to continue to supply fresh produce to consumers, whilst also supporting farmers in need.

[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



COMPANY FINANCIAL RESULTS





COMPANY FINANCIAL RESULTS

CLICKS GROUP LIMITED

According to the latest interim results for the six months ended 29 February 2020, Clicks Group Limited reported a 9.9% increase in group turnover from the previous period, to reach R16.9 billion in the period under review. In particular, the group highlighted the significant growth in revenue of its UPD division, increasing by 31.2%, as a result of customer response to the COVID-19 outbreak.

UPD's market share continued to increase during the period, as a result of the securing of wholesale contracts, along with a 12.3% increase in sales.

In addition, Clicks opened 17 stores in the six months to expand its retail footprint to 721 stores and increased its pharmacy network to 572, following the opening of 27 pharmacies.

In terms of group sales, retail health and beauty sales increased by 9.6%, driven by competitive pricing, differentiated product ranges, the Clicks ClubCard and new stores. The group also reported, an increase in retail sales of 7.9% for the seven weeks to 19 April 2020, while health and beauty sales increased by 9.3% in the same period. These increases occurred despite restricted trading hours and limited ability to sell some products during the nationwide lockdown.

The group predicts that trading conditions will remain extremely tough amidst the COVID-19 pandemic and its economic impact. However, the group is confident in its continued ability to respond to the needs of retail and distribution customers.

[READ MORE](#)

SHOPRITE HOLDINGS

According to Shoprite Holdings' unaudited financial results for the 26 weeks ended 29 December 2019, the group's sale of merchandise increased by 7.0%, from approximately R75.8 billion in 2018, to approximately R81.2 billion in 2019. This increase in sales is the result of a 4.4% increase in the volume of products sold, as well as, a 2.1% increase in customer numbers.

In particular, the group's Supermarkets RSA division reported a 9.8% growth in sales, along with a 1.1% gain in market share, reaching a total of 31.6%.

The group also reported an increase of 11.2% in sales, for its Checkers and Checkers Hyper brands, illustrating the positive effects of attempts to capture a larger share of the premium food retail segment in SA.

In addition, the group also launched its Xtra Savings Rewards Programme in October 2019, which has received a positive reaction from customers, with a total of 3.8 million customers signing up since the programme's launch.

Shoprite Group CEO, Pieter Engelbrecht, stated that they believe the group's Sixty60 same-day grocery delivery service, which was launched in selected stores in November 2019, has great potential as a mobile e-commerce solution and will promote further growth for the company.

[READ MORE](#)

TRUWORTHS INTERNATIONAL LTD

According to the latest unaudited group interim results for the 26 weeks ended 29 December 2019, Truworths International Ltd reported a 1.2% increase in revenue, reaching approximately R11.0 billion in 2019, compared to approximately R10.9 billion in 2018.

In 2019, the group's retail sales contributed approximately R10.6 billion to the total revenue, followed by delivery fee income and wholesale, which contributed R33.0 million and R28.0 million, respectively.

In South Africa, the group's retail sales increased by 11.9% during the first seven weeks of the second half of the 2020 reporting period, when compared to the first seven weeks of the previous period. This was largely due to the moving of the group's end-of-season sale.

Furthermore, the company is planning on increasing trading space in SA by approximately 1% during the 2020 financial period, although trading space numbers are expected to remain the same for the 2021 financial period.

The group predicts that the trading environment in SA will remain challenging, due to the economic hardship the country is experiencing. As such, the company will focus on its core strategic priorities, as well as maintaining control over costs and margins, whilst also maintaining a positive balance sheet.

[READ MORE](#)[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



MERGERS, ACQUISITIONS & PARTNERSHIPS





MERGERS, ACQUISITIONS & PARTNERSHIPS

WOOLWORTHS PARTNERS WITH INFINITY CULINARY TRAINING

It has been announced, that Woolworths has formed a partnership with Infinity Culinary Training (ICT), in order to serve approximately 1,000 daily meals to Cape Town's most vulnerable communities. The formation of the partnership comes after ICT obtained an essential service permit, but was still unable to access its kitchen to prepare meals, due to the building being closed for lockdown.

Managing Director of Woolworths Foods, Spencer Sonn, indicated that the company is excited to assist ICT in their efforts to provide meals to vulnerable communities in Cape Town, during this challenging time. The meals are prepared in the product development kitchen, at Woolworths' head office, while simultaneously following social distancing and lockdown regulations.

In addition to Woolworths facilities, all meals are made using Woolworths ingredients. Meals being distributed include a variety of vegetarian and meat options, such as vegetable curry and chickpea dahl, roast chicken with roasted vegetables, as well as chili con carne, amongst others.

Although the partnership's initial goal was to only provide meals for a single NGO in Philippi, the initiative has since expanded to two shelters in Athlone, two informal settlements near the Bo Kaap, and a shelter for abused women in Woodstock.

[READ MORE](#)

FRESHSTOP PARTNERS WITH MR D FOOD

In response to the COVID-19 pandemic, and the associated changes in consumer behaviour, FreshStop has partnered with Mr D Food to meet changing customer needs during the lockdown. This partnership will also help to mitigate the negative financial impact of the lockdown on each of the companies.

This partnership has made it possible for FreshStop to offer a variety of food, snacks, and cool drinks to its customers, through the delivery services provided by Mr D Food. Furthermore, the partnership also makes it possible for products sold at FreshStop to reach the most vulnerable customers, the elderly, and customers with no transport.

The company already has 40 FreshStop outlets listed on the Mr D Food platform, with additional outlets being added to the platform daily. Managing Director of FreshStop, Joe Boyle, has indicated that the continued sales of fresh fruit and vegetables, smoothies, groceries, and snack offerings have proven to be particularly beneficial to the company, during lockdown.

Furthermore, the company has increased its grab-and-go selection of products, reducing the need for personal customer service, with restrictions forcing the company to move towards a self-service oriented trading model.

However, the company has been negatively impacted by the ban on cigarette and hot food sales, with approximately 40% of sales being lost, due to these restrictions. However, contrastingly, some stores have reported increased sales of up to 20% during this time.

[READ MORE](#)

PEPKOR'S FLASH AND DG MURRAY TRUST COMBINE FORCES

It has been announced, that Pepkor's subsidiary and retail technology service provider, Flash, has partnered with the DG Murray Trust to help approximately 7,000 at-risk households, in five food- insecure communities across SA. The assistance has taken the form of electronic food vouchers, also known as the CoCare Voucher Programme, and is worth R2 million.

The CoCare Voucher Programme provides a R150 voucher to vulnerable individuals, which can be redeemed at Flash retailers and spaza shops. These vouchers were created, to help households in the purchasing of essential food and hygiene supplies, during the lockdown period.

As part of the initiative, Flash has also partnered with food security advocacy and support NPO, GrowGreat, which provides the company access to its network of registered community-based organisations, located in five identified communities in KwaZulu-Natal, Eastern Cape, Mpumalanga, and Limpopo provinces. This partnership was formed to further strengthen the voucher programme by utilising already existing systems and distribution channels.

The CoCare Food Voucher system is expected to expand to assist communities that have been identified by the government as critically vulnerable across South Africa. As such, participation and funding from corporates, foundations, and civil society will be crucial to the success of the programme.

[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



INNOVATION AND TECHNOLOGY TRENDS





INNOVATION AND TECHNOLOGY TRENDS

SIMONS IMPLEMENTS AI MERCHANDISING AND INVENTORY MANAGEMENT TECHNOLOGY

Quebec-based upscale department store retailer, Simons, is implementing Retalon's new artificial intelligence (AI) and predictive analytics technology, to minimise inventory costs and support omni-channel growth during its period of expansion in Canada and the United States.

The retailer required a more accurate, efficient, and scalable approach, in order to maintain optimal assortment levels. As such, the company has opted to use Retalon's technology to accurately forecast demand, generate shipments, allocate products, calculate replenishment, and enhance promotions.

In addition, Simons implemented Retalon's analytics for improved insight on projected demand, as well as to obtain inventory optimisation recommendations. The retailer is also using the technology to optimise thousands of promotions by accurately predicting growth periods and improving inventory management accordingly.

Previously, company buyers managed inventory, promotions, and transfers at stores. However, the Retalon technology is assisting the retailer to automate and reduce the time that buyers spend on the process.

Furthermore, Simons also uses Retalon's forecast to predict warehouse labour demand, to improve and schedule labour during crucial seasonal peaks, such as Black Friday.

[READ MORE](#)

LOCAL GROCERY DELIVERY STARTUP THRIVES DURING NATIONWIDE LOCKDOWN

Local startup, Zulzi, has reported a surge in the usage of its on-demand grocery delivery app, which connects users with the app's shoppers, to help track their orders in real-time. The company grew by 400% a month before lockdown and has experienced a further 200% growth, during the lockdown period, allowing the company to create 450 new jobs.

The Zulzi app is an on-demand grocery delivery platform that allows its shoppers, who purchase and deliver the products, to contact users in real-time through a built-in chat function. Furthermore, the app also allows users to track the progress of their orders and the number of items picked up by the shoppers, in real-time.

The company delivers from its retail partners, including Woolworths, Pick n Pay, SPAR, Clicks, and Dis-Chem, and operates in Gauteng, Western Cape, and KwaZulu-Natal. The service delivers groceries to users in cities such as Johannesburg, Pretoria, Durban, and Cape Town at a cost of R45.

During the lockdown period, Zulzi also ensures that customers are protected from COVID-19, by checking its shoppers' and drivers' temperatures each morning. The company also sanitises the drivers and shoppers frequently, while giving them protective masks and gloves to wear, during their operations.

[READ MORE](#)

FREE TOOL ALLOWS SPAZA SHOPS TO SELL ESSENTIAL GOODS ONLINE

A new free tool, the Redshift Store Connector, was launched during the government-imposed lockdown to allow local retailers, such as small businesses in townships and informal traders selling essential items, to set up an online presence and sell their goods to surrounding communities.

The tool is a standalone CSI initiative from local startup Redshift, who wanted to provide small informal businesses, especially those in the township areas, the opportunity to list themselves and accept orders from shoppers. Using the startup's website builder, the online platform allows retail micro, small, and medium enterprises (MSMEs) to register their stores and access the local market, free of charge.

Customers can shop from these registered stores, by submitting their grocery list online and collecting the goods after receiving confirmation, at no cost. Orders for essential goods, can be pre-packaged and prepared by the business, for customer collection or delivery to customers' homes.

Furthermore, the platform will facilitate the formal registering of MSMEs as essential services, subsequently allowing them to trade during the nation-wide lockdown. Further developments to the tool are planned, including the introduction of digital payments and digital generation of management accounts, to assist in securing funding for working capital and expansion.

[READ MORE](#)

INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



SOCIO-POLITICAL FACTORS





SOCIO-POLITICAL FACTORS

FOOD LOVER'S MARKET ENCOURAGES CUSTOMERS TO DONATE A MEAL

Food Lover's Market has launched its fourth, annual Hunger Month campaign, in May 2020. This year the company is encouraging customers to contribute to FoodForward SA, in order to provide assistance to the growing numbers of individuals in need of food, due to the COVID-19 pandemic.

As part of the campaign, customers can donate a meal to FoodForward SA, by purchasing partner products in Food Lover's Market stores throughout SA. Partner products which can be donated include Tru-Cape 1.5kg Econopak apples and pears, all varieties of 6kg ZZ2's tomatoes, all varieties of 1.5 litres Simpl juice, boxes of Westfalia avocados, and 7kg pockets of Crestshelf potatoes.

The 2020 Hunger Month campaign will run from 1 May 2020 to 28 May 2020, with a stated goal of providing 1 million meals to those in need. The campaign is also aiming to exceed the number of meals donated in 2019, which reached 914 000, with a value of more than R820 000.

Food Lover's Market CSI facilitator, Kate Marais, indicated that the impact of the COVID-19 pandemic has resulted in a significant increase in numbers of vulnerable families, making this campaign more relevant and needed than ever before. As such, the company announced that it would also be donating 1% of overall sales on 28 May 2020 to the Hunger Month initiative.

[READ MORE](#)

FAST FOOD CHAINS TEAM UP TO FEED THE HUNGRY

Fast food chains Nando's, McDonald's, and KFC have joined forces with Joint Aid Management (JAM), to help provide food to those in need during the nationwide COVID-19 pandemic and lockdown.

The level four lockdown has restricted fast food players to the sale of hot food, for home delivery only, within limited hours. In response to this, Nando's announced that it would not be opening its stores for deliveries, citing limited feasibility. However, the company did indicate that it would open a small number of restaurants focused on providing meals to vulnerable communities.

In contrast to Nando's decision, fast food chains such as KFC, McDonald's, and Burger King have all announced that they will return to the workplace, opening a limited number of restaurants to stay afloat. In addition to opening a limited number of restaurants and partnering with JAM, KFC continues to drive its Add Hope initiative, by providing meals to individuals who are affected by the pandemic.

As lockdown continues, these fast food chains are hopeful that regulations will be eased to allow drive-thru and take-away options, with these options also promoting contactless interactions and Nando's stating that these may be safer than delivery.

[READ MORE](#)

SHOPRITE GROUP LAUNCHES INITIATIVES TO FIGHT HUNGER

The Shoprite Group has committed itself to fighting hunger in SA, during the COVID-19 lockdown, through various initiatives, which have resulted in the donation of thousands of meals and millions of Rands worth of food. In addition to these donations, the group's other initiatives include donations to the Solidarity Fund, Shoprite Mobile Soup Kitchens, and Act for Change Fund, amongst others, in order to help fight hunger during this period.

The group's food donations, amounting to R6 million, have gone to 87 organisations, based in vulnerable communities. To further assist in the fight against hunger, the Shoprite Group has made contributions to the Solidarity Fund of approximately R1.55 million. Although the group initially donated R1.0 million, its customers have contributed a further R550 000.

Moreover, the group has also deployed its Shoprite Mobile Soup Kitchens, providing nutritious meals and supporting 195 organisations. It was reported that the group has provided more than 119,000 meals, through its mobile soup kitchens platform, since 27 March 2020.

Furthermore, as part of their commitment in fighting hunger, virtual vouchers have been made available for customers to purchase and can be redeemed at all Shoprite, Usave, and Checkers stores.

[READ MORE](#)



INTELLIGENCE
OVERVIEW

TRENDS &
NEWS

MERGERS &
ACQUISITIONS

INNOVATION &
TECH TRENDS

SOCIO-POLITICAL
FACTORS

LEGISLATION



LEGISLATION





LEGISLATION

GROCERY RETAIL MARKET INQUIRY RECOMMENDATIONS POSTPONED

The Grocery Retail Market Inquiry (GRMI) and the Department of Trade, Industry and Competition (DTIC) have agreed that the period for the GRMI's recommendations, regarding lease engagements and agreements, will be extended by three months, as a result of the government-imposed lockdown.

In November 2019, the GRMI published its final report, recommending that, for the six months following the publication, national supermarket chains must finalise agreements with the Competition Commission of SA (CCSA), to terminate the enforcement of exclusivity provisions in long-term lease agreements.

The GRMI also recommended that, through a facilitator appointed by the DTIC, all suppliers of grocery and household goods must set up a code of conduct to ensure equal treatment of retail and wholesale customers. Similarly, it was recommended that retail property landlords set up a code of conduct, to ensure equal treatment of tenants.

Furthermore, the GRMI also reached out to the government to make necessary changes to regulations, as well as develop a competitiveness support package to assist small and independent grocery retailers.

However, in light of the COVID-19 pandemic, there is a reduced likelihood that the deadline recommended by the GRMI, in respect of all recommendations other than that of exclusive leases, will be met.

[READ MORE](#)

NEW REGULATIONS FOR RETAILERS UNDER LEVEL FOUR LOCKDOWN

From the first of May 2020, SA is to slowly reopen the economy, starting with a level four lockdown to curb the spread of COVID-19. While certain restrictions are still in place, clothing retailers, spaza shops, hardware shops, and wholesalers are permitted to re-open.

In addition to the re-opening of more retail stores, the government has expanded the list of essential goods allowed to be sold, under level four lockdown. Some of the products that can be sold include all children's clothing, adult winter clothing, bedding, and heaters. Other newly allowed items include personal ICT equipment, stationery and educational books, hardware, and components for vehicles undergoing emergency repairs, amongst others.

Furthermore, the sale of fast food is also permitted from fast food outlets and restaurants, but only for delivery between 9:00 and 19:00. Additionally, online retailers may only sell the same goods as other retailers, however, the Minister of Trade and Industry, Ebrahim Patel, stated that e-commerce will expand incrementally, with more items gradually being allowed to be sold and delivered at a later stage.

For retailers, where the all customers cannot be accommodated at once, certain measures are recommended, such as a ticket system and a defined limit of time in the store per customer, in order to avoid the physical queuing of customers.

[READ MORE](#)

[READ MORE](#)



THE INTELLIGENCE REPORT

