

SUPERMARKET & RETAILER



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Business knowledge for smart retailers



Aki Kalliatakis –
Getting through the
Maze of Motivation

**Refrigeration...
energy-saving is key**

Store formats
– global evolution

Redefining delivery for online retail

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Environment and cost savings

The refrigeration landscape is constantly changing, and retailers all over the world are hard-pressed to keep up with new demands and legislation, while also managing their costs, from installation through to long-term energy costs – a stark reality in South Africa. Also environmental issues must be taken into consideration. Our article on Refrigeration takes us through various scenarios because, when it comes to energy-saving, one size does not fit all.

We cover many enlightening subjects in this edition...

In his column, Delight your Customers, Aki Kalliatakis discusses what, besides using money as an incentive, you can do to get your team fired up and motivated.

In Online Delivery, Antonio Bruni, Picup CEO, looks at solving the problems retailers are encountering with offering same-day and on-demand deliveries to attract customers to their online store. Do lower order volumes and the increased manpower required for these express options warrant a higher delivery fee?

There has been a global evolution in store formats. The pace of change and format evolution is now gathering speed elsewhere and our local store development is starting to lag behind. We give a short summary of what local chain store executives and entrepreneurs are well advised

to look out for when they travel to various parts of Europe, the Americas and the East. They can then analyse the latest developments and apply whatever ideas may work to their expansion plans in SA.

Our Storewatch covers Coop Liguria, a retail cooperative operating in northern Italy in the Piedmont and Savona area. The group has about 50 stores, of which over 80% are supermarkets, about 2 800 employees, more than 400 000 members, and an annual turnover of R800 million Euros (over R13 billion). The group focuses on quality and convenience, local sourcing, and a range of products that meet the requirements for the best food styles.

Velaphi Ratshefola, managing director at Coca Cola Beverages South Africa, shares his viewpoint on the duty of big business to find effective and sustainable solutions to address the growing poverty challenge affecting women and children more than any other group in South Africa.

Nielsen's Global Consumer Loyalty study demonstrates that an increasing number of consumers are actively on the lookout for new brands as the gamble of buying new products is de-risked by levers such as rising income levels, broader product ranges and new retail channel options. The risks for brand owners have never been greater.

When it comes to tackling food waste, are you doing your share? In South Africa, the major chains have all embarked in their own studies and processes to reduce food wastage in the future. Independents have not been as proactive, and the time is now for clear policies to be developed to minimise food waste.

Christmas is around the corner, so Simon Wilson of HPE Aruba tells us how brick and mortar retailers can use the distinct benefits of traditional, in-person shopping. They can then leverage technology to give their customers a shopping experience this season in ways that digital sites can only dream about.

Janet Kirkbride asks how seriously are you taking floor and shelf space planning? Are space-based KPI's reported and debated at executive level? The answers to these and other important questions leads to the conclusion that commercialising the shelf should be a business priority for all retailers ... and a pre-requisite for supplier partnerships.

Our article by Vian Chinner, a consumer behaviour prediction specialist, shows us that when it comes to e-commerce, Africa is where China was 20 years ago. Instead of seeing this as a huge negative, it actually presents a substantial opportunity for online retailers targeting the continent.

We hope you enjoy your read.

Helen Maister

Helen Maister



Getting through the Maze of Motivation

When was the last time you felt truly energised and enthusiastic about something?

What are the things that you do that get you fired up and motivated?

If you're anything like most other people, you may struggle to answer these, and most of you will probably think about something that happens outside work – your favourite hobby or pastime, or your relationships with other people.



Aki Kalliatakis

Delight your customers

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

We are coming to the end of our journey in the series on how to make people on your team able, willing and allowed to delight your customers.

A quick recap: We have discussed the importance of the actions you can take in "The 10Es," including: enlist the right people with the right attitude, engage with them, explain why things happen, clarify expectations of exactly what you want to



see, educate and train, empower them to make decisions and to act to delight customers, create an entrepreneurial mindset by getting them to think like it was their own business, and, underlying everything, to openly display empathy for what it's like for them.

In this column, we finish off the series by looking at motivation, and how you can create energy, enthusiasm and excitement for people on your team. I won't repeat any of the lessons we've covered so far, such as when people understand the "why" they will be more focused, for example. Neither will we discuss the literally hundreds of theories of motivation that have been described in thousands of textbooks. And as for the debates about working conditions like a nice canteen and a crèche – well, that's for another time. Instead, I want to summarise by saying that ...

“ I don't know anyone that isn't motivated by a sense of achievement. ”

No matter what the context, people love to be able to say "Mission Accomplished." Does that mean that more money motivates people? It's complicated, and we don't really know for sure, because, on the one hand, people who are comfortable and earn more and more money





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don't report that they are more highly motivated. Yes, money does buy us all those lovely goodies that bring us pleasure – in the short term. But the key here is that most material things are only short-lived in their ability to give us a true sense of achievement.



On the other hand, a lack of money does bring hardship and misery. Imagine if you have to wake up at four every morning to catch public transport to be at work by 8:00 am, and then physically work hard until it comes time to go through the whole process in reverse again. And you know that when you get home you have to face a whole lot of chores because you can't afford to buy a dishwasher or hire someone to help you. It erodes our self-esteem, and makes our life much harder. We also know that it's always the little things at work that make such a difference to motivation. It's the small things that irritate us and our customers. For example, I was recently in a company where the CEO banned all cell phones

at all hours at work for all reasons. In the greater scheme of things, if you don't check your social media for a few hours, it really won't end the world, but treating people like children had a very negative effect. He would have been better off by asking people to use their best judgement and to not spend excessive time on phones, but especially when they had to deal with customers.

But by far the most important ideas for getting people fired up are also small things – little moments of magic, little surprises – that make people want to do well. There's a wonderful little experiment that has been repeated hundreds of times all over the world, with amazing results. As the whole team of people came into work one morning, they were asked for ten seconds to rate their level of happiness on a scale from 1, (very miserable,) to 10, (couldn't be better!).



During the day, the manager would randomly place a R2 coin in a place where people could find it easily. The researchers noted who did find the coin, and who didn't, and at the end of the day they were asked once again to rate how happy they were. The results were incredibly different. Those who found the R2 coin expressed significantly higher levels of happiness. For a measly little R2! How can this be? It's not the value that was important – it was the fact that they had experienced just a little bit of good luck that changed their whole demeanour.

All the companies that sell us products that are addictive understand this. Casinos and porn sites, cigarette and sweet manufacturers, computer game developers, (Candy Crush and Fortnite are great examples,) even social media giants all get this.



“ When we get a short and sharp dose of dopamine in our brain from ‘winning’ something or getting some good feeling, we want to repeat this rush over and over again. ”

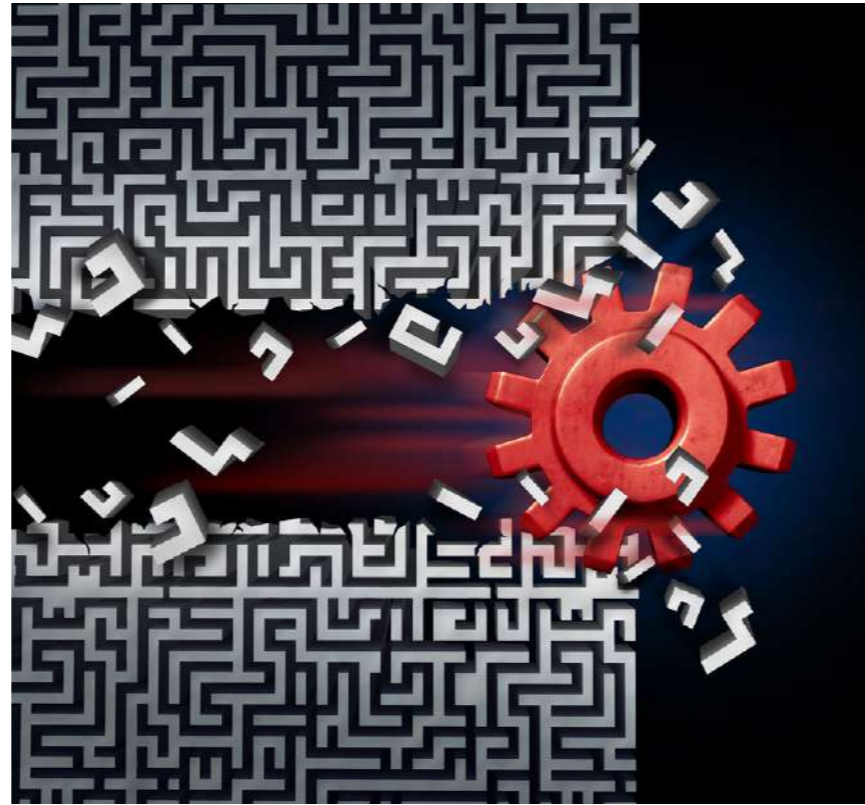
Your priority is to get people on your team to crave these happy chemicals, and to have highly-addictive employee experiences that they will want to binge on, and talk to others about.

Sometimes it's a big ego boost that comes from the feeling of being the best, (such as winning awards, or graduating from somewhere, or from receiving recognition for a heroic act.) So we find that the best-selling apps, games and products are designed to fulfil our deepest desires as humans – glory, praise, respect, acknowledgement and achievement. So your recognition, reward and

celebration 'system' needs to be in place to make sure that this happens on a fairly regular basis. It should be clear and achievable, and, of course, fair. There is nothing that will kill your credibility quicker than if you are accused of favouritism.

The rewards don't have to be valuable: they can be simple scribbled notes of thanks, little fun trophies or spot prizes that are passed around, a 'Wall of Fame' where people's photographs appear, articles in the company newsletter, speeches made to praise them, special gestures like 'high-fives', and so on.

There are literally hundreds of possibilities, but there have to be regular and constant wins built into your management of people.



What is your equivalent of 'Likes'? You don't have to compete with Facebook, Instagram and Candy Crush.

Instead, you have to create a game where your staff – and customers – can win. Build their confidence, motivation and positive emotions through small easy wins and constant positive feedback that gradually escalates into big results, and they will give you their hearts.

And, just like in most addictive events, if they feel a bit confused or nervous or frustrated, help them by giving them a nudge in the right direction. It's the simplest and surest way to have a successful team in today's attention economy. **SR**

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There's no one-size-fits-all in refrigeration – but energy-saving is key in every case

Energy-saving and refrigeration should go together like pap and vleis, like Springboks and the World Cup, like spring and summer, for two key reasons – cost factors and the environment. It's not always that easy and it's a subject that has been tackled by *Supermarket & Retailer* from all sides over the years.



In this edition we revisit highlights of our recent learnings while also exploring industry experiences and opinions that could add value to retailers' refrigeration plans.

The refrigeration landscape is constantly changing, and retailers all over the world are hard-pressed to keep up with new demands and legislation, while also managing their costs, from installation through to long-term energy costs – a stark reality in South Africa.



Energy efficient upright cabinet with acrylic doors, installed by Colcab in a Spar store in KwaZulu-Natal

Campaign against open fridges

The UK's Telegraph reported on 28 July this year that campaigns against open fridges in supermarkets are gaining ground. "Supermarket fridges should be closed, campaigners have said, as it emerges that the appliances use up one per cent of all UK electricity," the article says.

“Most shops use open fridges, which use far more energy to stay cool than alternatives with doors.”

“However, open fridges have been criticised by campaigners and MPs as a 'massive waste of energy and money' and as contributing to global warming.”



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“A study carried out with the support of the Department for Environment, Food and Rural Affairs found that ‘retail food outlets are responsible for around three per cent of total electrical energy consumption’. Adding that, ‘refrigeration systems account for between 30 per cent and 60 per cent of energy used.’”

Almost 25 000 people have signed a Parliament petition urging MPs to force supermarkets to use fridge doors. The petition states, “If all supermarkets had doors on their fridges and freezers it would save energy the equivalent of the entire residential population of Poland.”

The cost implications of those refrigeration makeovers are clearly huge, but if their numbers are on the money, the longer-term cost savings could help to offset initial costs.

Evolving environment

Closer to home, Rainer Faustmann, MD of Colcab, reflects on the changing retail environment in South Africa and the necessary resultant adaptations in refrigeration systems.

There is a worldwide trend towards smaller footprint convenience stores, coupled with a trend towards complete solution providers and reduced store energy requirements, he notes. Energy costs are increasing worldwide and reduced energy usage also promotes sustainability.

This brings us to the nitty-gritty. The detail of the systems.

“The move towards CO₂ and hydrocarbons is based largely on environmental responsibility

“Energy costs are increasing worldwide and reduced energy usage also promotes sustainability.”



supported by the Kigali Amendment that requires that Montreal Protocol parties phase down HFC production and use. Legislation is dependent on the country but ultimately this change will come into effect worldwide.”

Note: The Kigali Amendment requires that first reductions by most developed countries began in 2019. Most developing countries will follow with

a freeze of HFCs consumption levels in 2024 and some in 2028. Developed countries are required to phase down HFC production and use by 85% by 2036 with developing countries achieving this reduction by 2047.

Source – Ministry for the Environment, NZ

According to Faustmann, refrigeration in a medium-size retail store will account for around 60% of total energy costs, with technological advancements and adjusted consumer behaviour having contributed to lowering the total refrigeration energy costs.

Refrigeration energy is driven by a number of factors:

- Display cabinet efficiency – here have been many advances in efficient design of display cabinets, with energy requirements for the latest generation cabinets rating about 25% better than those of a few years ago.
- Appropriate choice of cabinet for store size – cabinets designed for smaller footprint stores also require less energy.
- And self-explanatory but not always applied rigorously, refrigeration system and case management. Like any mechanical system, if not looked after, things will deteriorate and become less efficient.

In2food and CO₂

On 5 April this year, In2food’s new 22 700m² food production facility in the OR Tambo Special Economic Zone in Johannesburg was officially



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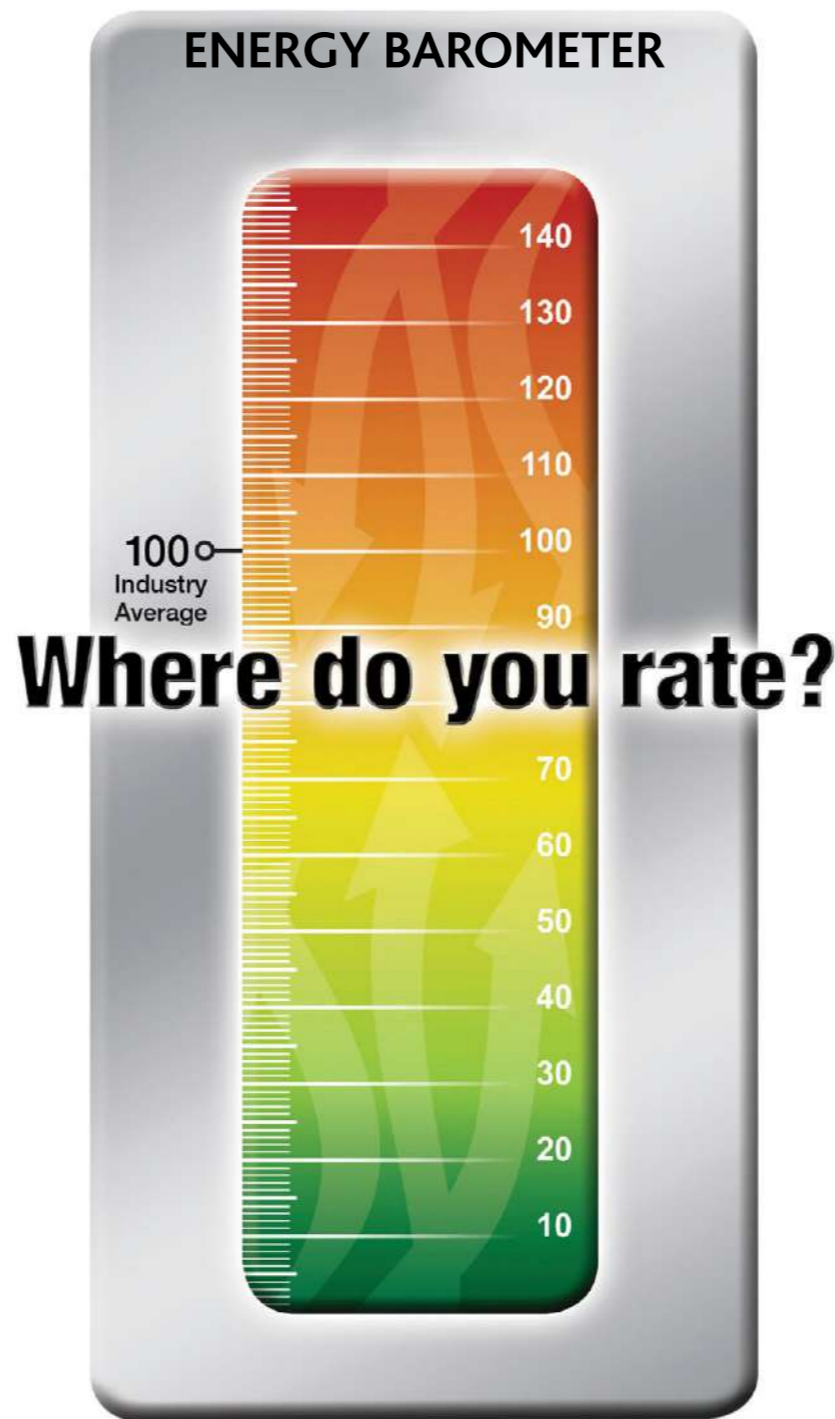
opened, featuring the second largest CO₂ refrigeration facility in the world. It is also the largest and most diverse ultra-fresh food facility of its kind in the southern hemisphere and was developed to Woolworths quality specifications as the retailer's largest fresh and prepared food supplier.

The development value was R400m, with over R140m received from national and provincial government. The facility, which will provide 600 additional jobs to the already 1 300 existing jobs, aims to be the first 5-star site as certified by the Green Building Council of SA, based on initiatives such as the sustainable waste management process, water drawn from four boreholes, water recycling and water storage capabilities, and the CO₂ refrigeration plant. Energy conservation is a major feature with 8 000m² of solar panels producing 25 percent of the energy needs. Natural gas is used to run boilers, staff kitchens, and ablution geysers.

FLM's first CO₂ plant

The new Food Lovers Market (FLM) in Ferndale, Johannesburg, is both green-centric and cost-saving. It features LED lighting and other energy-saving features, but top of the pops is the group's first CO₂ trans- and sub-critical refrigeration plant that FLM has installed in their stores.

This technology is estimated to save a minimum of 30% electricity in comparison to similar capacity freon plants, and save up to three-quarters of plant room space, which means that between



BOH and trading floor, this saving of space is money in the bank.

The refrigeration is monitored remotely, regulating 60 points in cold-room and cabinets throughout the store, and an unexpected benefit is that the plant room is quiet.

Woolworths closes doors

Last year, the Woolies Table Bay store in Cape Town installed new fridge doors imported from the Netherlands and fitted by Colcab. They are sturdy but lightweight, and offer great visibility of products, particularly because there are no frames obscuring the display.

Woolworths staff said at the time that the rate of sale of products in the fridges with doors had not dropped at all, but that the energy usage per cabinet had dropped by 40%.

LED lights below each shelf ensure well-lit and attractive displays whether the shelves are at a 900 angle or tilted for full visibility.

While 80 percent of the store's refrigeration now has the new doors installed, the fresh produce displays have not as it is felt that they don't lend themselves to closed door refrigeration.

Water is the driving force

Water usage in refrigeration is an increasing concern. Dawie Kriel, Director at Energy Partners Refrigeration, highlights the significant amount of resources required to effectively maintain and operate refrigeration systems, which are often the biggest users of water in industrial and commercial applications.

The recurring droughts in South Africa and resultant water restrictions are boosting awareness of the amount of water that companies – in this case retailers – need to operate on a daily basis. This is affecting local businesses and making the need to save water more crucial than ever.



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Ways to save

With energy costs rising and food retailers looking to improve the shopping environment for customers, Insulated Structures has developed an effective solution to reduce the cost of in-store refrigeration while enhancing the customer experience.

Insulated Structures doors are easy to retrofit on in-store cabinets to reduce the energy required to keep chilled foods at the correct temperature.

Meanwhile, customers are able to clearly see and access the products on offer. Reduced energy requirements means smaller refrigeration plant selection for new stores. These savings will offset the cost of the doors. Up to 40% reduction in refrigeration requirement has been achieved.

Benefits

- Reduced energy consumption
- Extended product shelf life
- Double glazed argon filled void for Better insulation
- Optimal product temperature
- Glass doors have optional mullion lights
- Handles included
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- Solution for new cabinets or retro fitted on existing cabinets
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“Many companies in the food and beverage industry make use of evaporative condensing in their refrigeration systems, since they are still the most energy efficient. These systems consume massive amounts of water, and some cases that we have consulted on have used an average of 30 000 litres of water per day.”

Kriel estimates that this could amount to 9 million litres of water being used every day for refrigeration in the Western Cape alone, but he believes the same results can be achieved with 75% less water if businesses adapted new technology to replace regular evaporative cooling systems.

Adiabatic assisted or hybrid systems provide an alternative to evaporative condensing systems, which, though they require relatively little electricity, they do require a constant supply of fresh water.

“Adiabatic is somewhat more complex. The refrigerant, in a finned dry heat exchanger,

is condensed by air which has been pre-cooled through the evaporative process. To save water, the adiabatic cooling of the air is only started once the air temperature reaches a pre-determined setpoint. This could reduce use to around 25% of the water that an evaporative system requires,” Kriel explains.

Adiabatic systems allow plants to continue operating, though at a reduced capacity, when there is no water at all. With evaporative condensers, no water will result in the plant stopping almost immediately.

Improving cabinet efficiency

- Fit glass doors on vertical upright cabinets or install night blinds
- Install LED lights
- Install high performance coils and EC fans
- Install electronic expansion valves

With all the above installed, cabinets are about 50% more energy efficient than without. There is approximately a 20% greater cabinet capital cost involved. When installed in a new store, the lower energy requirement leads to a smaller refrigeration plant size requirement which will cost less.

All in all, retrofitting the above will produce a payback for the extra investment in about two years.

Insulation is a key factor in cold and freezer room efficiency. The introduction of polyurethane insulation panels has improved thermal efficiency, compared to polystyrene panels that absorb water which reduces their efficiency. **SR**

About shecco



shecco is a name that is increasingly heard and discussed in the refrigeration industry, as a growing global role player in bringing innovative refrigeration, air conditioning and heating solutions to the market. With more than 15 years' experience, it is a market accelerator that specialises in integrated services and products to advance the use of the five natural refrigerants – CO₂, Ammonia (NH₃) hydrocarbons (HC), water and air. Committed to 'sustaining our atmosphere', shecco's products and services are driving the reduction of potent greenhouse gases and ozone-depleting substances.

ATMOsphere, shecco's natural refrigerants conference, is to be held in Cape Town for the first time, in early March 2020. The event will attract over 150 stakeholders, including policymakers, manufacturers, retailers, end users, NGOs, contractors, and others, to discuss the latest developments for natural refrigerants, provide updates on regulations and standards, and showcase new technology innovations.



Redefining delivery for retail



By Picup CEO
Antonio Bruni

Free delivery has been the most powerful drawcard for retailers to attract customers to their online stores and, undoubtedly, the most successful online marketing tool ever devised for ecommerce. However, this is changing. Retailers are starting to offer faster deliveries to attract customers to their online store and this poses a different set of cost challenges.

Same-day and on-demand delivery follow a completely different model to the economy solution. With lower order volumes and the increased manpower required for faster fulfillment, these express options warrant a higher delivery fee.

Ecommerce makes up only one percent of the overall retail market in South Africa compared to 8.3% in the USA. While this might be small, we look to our global counterparts to set the trends and test the waters.

The time it takes for South Africa to catch up will be determined by the speed we start adopting the

mindsets of these global frontrunners – which is fast-paced and innovative, always evolving in order to win customers over by providing a better and more convenient user experience all round.

Small to medium retailers in SA have all the resources available to set up an ecommerce solution quickly and seamlessly. There are easy-to-setup ecommerce websites using prepopulated themes with plugins for inventory management, payment gateways and delivery that make purchasing quick and easy for customers.

One can start selling online within minutes at a minimal fee compared with a few years ago where an upfront development investment was required. Once the platform is set up, the fulfillment and delivery component requires some careful planning.

There are various delivery options. Retailers need strong distribution networks that are quick and efficient, their customers cannot wait for long periods for the delivery of products. They will need to consider which courier is best in which area



“Retailers are starting to offer faster deliveries to attract customers to their online store and this poses a different set of cost challenges.”



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i.e. local or international. This will normally result in juggling accounts with multiple courier partners.

To determine the cost, one would need to plug in the various courier rates into the ecommerce store, and then it's up to them whether they'd like to offer any discounts or mark-ups on delivery. Because of low volumes, their rates are likely to be higher than established ecommerce stores, resulting in a possible barrier to entry.

For the large bricks and mortar retailers, making the move into the ecommerce market requires a lot more consideration on all fronts as scaling becomes more complex than shipping one package from a nearby warehouse to a nearby customer.

Crucial to delivering a reliable logistics solution is choosing the right Transport Management Software (TMS).

“ Inventory management is the most important part of the delivery chain for large traditional (bricks and mortar) and online retailers. If they get this right, it allows them to offer a variety of delivery options seamlessly. ”

However, succeeding here is not easy as a number of decisions need to be made, mainly around warehousing and distribution. When it comes to warehousing, a centralised dark store is the obvious answer for some retailers to take the hassle out of distribution.



A dark store is a large retail facility that resembles a conventional supermarket or store, but is not open to the public, only housing goods used to fulfill orders placed online. The advantages of a dark store are that one can manage inventory in real-time. It is faster to replenish stock and managing returns is easier with one centralised location. More importantly, it allows for faster picking and packing timelines due to optimised store layouts.

European retailers are already making use of goods-to-person pick stations where orders come in and a route is optimised for a mechanised system to send goods to the picker via a conveyor belt. This allows for cost effective same-day, next-day, economy and other delivery options.

The biggest advantage is that from these dark stores or centralised warehouses, smaller hubs can be serviced in strategic locations where order volumes are high.

Middle mile vehicles can run daily loads from dark stores to hubs. These then act as an express lane for drivers to collect and deliver parcels – they cover shorter distances between drops that are optimised to ensure efficacies.

Fulfillment from individual stores works when they are small. For small to medium retailers, an outsourced dark store may not be the best

option. Low order volume and costs are the key factors influencing this decision.

“ Big retailers cannot afford to wait. They need to invest in ecommerce now. ”

When order volumes are low, they can be picked and packed from stores at the same time while servicing walk-in clients. However, as online orders scale, managing this becomes hugely time consuming. Stock control and returns become challenging, along with picking and packing space on the floor, in addition to managing deliveries.

The conclusion to inventory management and making the right decision simply lies in order volumes. Big retailers cannot afford to wait. They need to invest in ecommerce now. They need to ensure stock is available around the clock, ensure all the delivery options are available at



the right price and, last but not least, make the customers' ordering experience flawless from start to finish.

As the way we shop continues to evolve, so do the touch-points. Consumers are used to the friendly shop assistant who goes to check in the back for shoe sizes, or the cashier who swipes a gift card and checks that one hasn't purchased two left shoes.

With the convenience of shopping online, one is faced with the helpful customer support tweet or the friendly voice on the other side of the phone. The only real human interaction comes into play when goods are delivered. The delivery drivers have therefore become the face of the brand and need to be trained customer service ambassadors.

The days of the conventional carefree delivery

drivers arriving when customers are not home are numbered. Tech-enabled logistics platforms like Picup are changing the delivery landscape for good.

While technology plays its part in improving efficiencies in a drivers' schedule, there is far more to creating a trained customer service ambassador. Our delivery legends go through rigorous on-board training before setting off on their first delivery.

They are also empowered to perform better with our earning model that rewards hard work and productivity. Each and every driver manages their own business, equipped with the best technology to improve efficiency day-to-day.

It's all about the customer experience. For retailers to get orders to customers swiftly, they need to ship items from nearby stores, using on-demand delivery companies and by using click and collect points. Because fast and free isn't easy, selecting the best combination of service types is the way forward for retailers and will clearly give retailers a competitive advantage.

Delivery options could include a 3-hour, same day or next day delivery, or specific time slots where customers can choose a date and time when they want their order delivered. Alternatively, they could choose the economy option with delivery between



“ Because fast and free isn't easy, selecting the best combination of service types is the way forward for retailers and will clearly give retailers a competitive advantage ”



2–5 business days. Click-and-collect is another option where the customer can choose the closest collection point where they want their order to be delivered.

As the ecommerce market continues to grow, so will the desire to deliver and receive orders quickly and cheaply.

“ While most people are willing to wait for their orders if it’s free, there is an increasing number that are willing to pay for faster deliveries as the on-demand culture grows globally. ”

For decades, customers were used to the same delivery standards. Big players are working around the clock to improve their service levels by introducing new technology and improved delivery standards. However, they face limitations in their ability to implement new innovation into their well-oiled machines.

Smaller more technology-focused businesses are changing the delivery landscape by being more agile. They are able to trial and test new and potentially better ways to make a customer’s experience more pleasant.

Modern crowd-sourced driver networks like Picup ensure their drivers have all the tools readily available to deliver the goods day in and day out. They have built a network of drivers that are trained and motivated to earn more with a unique driver-earning model.



Picup improves the driver experience with an incentivised delivery model. They have created a platform where the drivers are able to manage their own business, much like the way Uber’s platform works with their drivers. This also gives customers more visibility on their deliveries, using delivery notifications and live tracking to help drivers minimise failed delivery attempts.

There is no first-time success with getting this right from the get-go, it requires constant trialing and testing of delivery routes and algorithms. Companies need to adapt as they go. While the ultimate goal is on making delivery profit, Picup’s primary focus at such an early stage of its business lifecycle is to grow and sustain its crowd-sourced driver network.

“ With regards to the future of delivery, retailers and e-tailers that plan to compete in future will have to invest in ecommerce. Shortcuts will stunt their growth and, before they know it, they will be at the back of the queue. ”

Customers also need to realise that there is a lot more that goes into picking, packing and delivering their online orders. They need to be loyal to the providers that stick to their promises and provide an online shopping experience that keeps them coming back. **SR**





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Store formats – global evolution

By Hippo Zourides

South African food retailers have always kept up with global trends and many overseas visitors travel to our country to pick up new ideas and concepts.

However, the pace of change and format evolution is now gathering speed elsewhere and our local store development is starting to lag behind. Local chain store executives and entrepreneurs are well advised to travel to various parts of Europe, the Americas and the East to analyse the latest developments and apply whatever ideas may work to their expansion plans in SA.

Here is a short summary of what to look out for (as contributed by IGD):

Carrefour, France

This global retailer has developed its 2022 Transformation Plan and some fruit is now born of its endeavours. The first Supeco limited-assortment store has opened in France (2 000 SKUs, mainly in the private label range) and stores will be between 1 000m² to 1 500m², positioned in convenient locations. Other than groceries, the store also sells general merchandise and fresh produce and it has adopted a hybrid discounter/cash n carry pricing model to suit both families and small businesses.



Sources, Carrefour's first speciality store in Paris, focused on health and beauty

Carrefour continues to open new hypermarkets with upgraded fresh product departments and beer cellars.

In one store, it has incorporated a 300m² concession store, Aubert, which specialises in baby and children products. Staff employed by Aubert manage the space and give expert advice to the shoppers.

Carrefour has also launched Sources, its first speciality store in Paris, focused on health and beauty. It stocks about 3 500 SKUs, the majority of which do not have harmful ingredients – to follow the company's Clean Beauty positioning. The store has consulting rooms for massages and facials, as well as a men's barber shop.

The store décor is very homely with lots of stone walls and indoor plants to create a browsing atmosphere for the shopper.

Carrefour, Brazil

The biggest growth in Brazilian food retail is the cash n carry model, called Atacarejo. Carrefour, who already manage both hypermarkets and supermarkets in Brazil, have launched the cash n carry model as a complement to their existing service offering.

The stores stock a smaller range than the Atacadão hypermarkets, but the selection ranges from individual products to shrink-wraps to case lots. Thirty percent of its clientele are small businesses who use the outlets as their 'just in time' warehouse and many individual customers have joined the switch to the Atacarejo model.

Conad, Italy

Having taken over the Auchan hypermarkets throughout Italy, Conad is now busy not only reducing their size but also revamping all hypers to make them more consumer-friendly.

On the other end of the spectrum, Conad's franchise model, Todi's, has now reached almost 250 locations and is focusing its franchisee training on a focused set of areas: point of sale (make it easier for the customer to exit the store), listening to the consumer (let's stock only what they want) and fresh departments (freshness is the main reason shoppers stay with the chain).

Amazon, Singapore

Amazon now has 16 'marketplaces' globally. The latest version launched in Singapore stocks a wide range of items that can be ordered online (books, video games, consumer electronics, baby, and home and kitchen products).

Prime members receive free one-day delivery on local selection with no minimum spend, and free international shipping on orders over \$60 for Amazon International Store products. Non-members receive delivery within two to three days.

Amazon is also offering small and medium businesses the chance to offer their products to online shoppers. Amazon said this will enable these businesses to expand their business and reach more customers. Selling partners will have access to easy listing tools, payment processing, credit card fraud protection, promotional features and reports, and analytics.

Micro-fulfilment in the US



Over and above their centralised distribution centres, chains such as Meijer, Albertsons and Wakefern in the US are now investing in micro-fulfilment centres.

Designed to fit within a store's back space, these tools are ideal to help a chain supply its regional branches from a central location within a specified geographic area.

Here is how it works:

- A space is identified within the store's storeroom
- The installation consists of a storage system that takes into account physical height, narrow aisles and automated shuttle cars
- The store's ERP system is fully integrated into the micro-fulfilment software
- Goods are loaded into tote boxes and then loaded onto the system
- Totes move by conveyor belt to a delivery consolidation area, ready for dispatch to the stores

This method allows orders to be picked within an hour and delivered the same day to the sister stores.

Key grocery trends in the USA

Groceryshop is an annual gathering of both food retailers and the manufacturing sector in the United States. It is a unique opportunity to share their respective points of view and to find ways to collaborate and make the supply chain more efficient.

This year's event focused on ways to create omnichannels for the end consumer and the following trends emerged.

The consumer is in charge and dictating terms

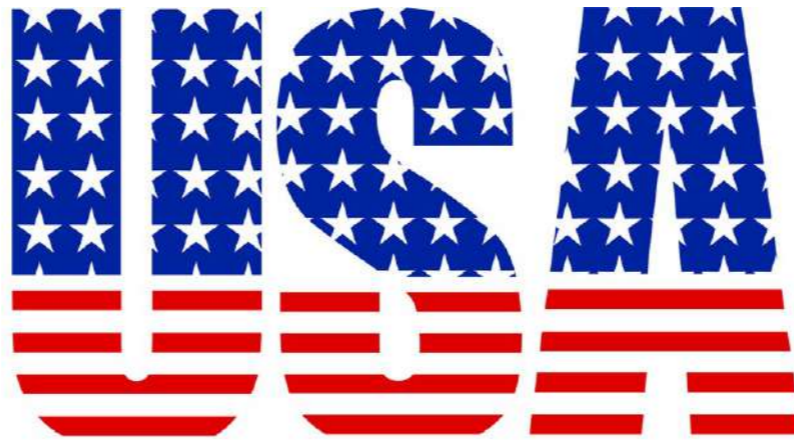
'The consumer comes first' was the prevalent theme of most presentation to the forum.

The second focus was on convenience, not only in terms of location and range, but also on how to make it easier for the consumer. Ideas such as voice-based ordering and in-car opportunities were discussed. The aim was to make the shopping experience easier and faster.

How can we do it profitably?

For retailers, the debate was not whether an ecommerce channel is required, but rather how to make it more profitable.

Three models of fulfilment were discussed, namely, store-based picking, automated micro fulfilment and dedicated fulfilment centres. Some retailers are trying a combination of these models. For the manufacturers, this discussion focused



their attention on pack sizes and range choices.

New product innovations may be limited in future, as retailers prefer to move large volumes of already known brands and variants.

Innovation is the name of the game

Both sides of the equation are using specific manpower skills and aids, such as artificial intelligence, analytics and computer vision to attain their goals. The human capital aspects were highlighted by most presenters with the final aim of producing a better return for their investment.

Data is the new currency

Manufacturers spend great amounts of money in researching the end consumer, but their wish is for retailers to share more data and insights into their requirements. This tag war is not new, and it appears that those parties that have managed to find a common cause are making headway. Others were encouraged to do so. **SR**

CL5200 Label Printing Scale

CL5200 is a reasonably priced product that has acquired OIML 2006, a stringent European certification.

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- 45 built-in basic label formats
- Enables label format settings according to user preference

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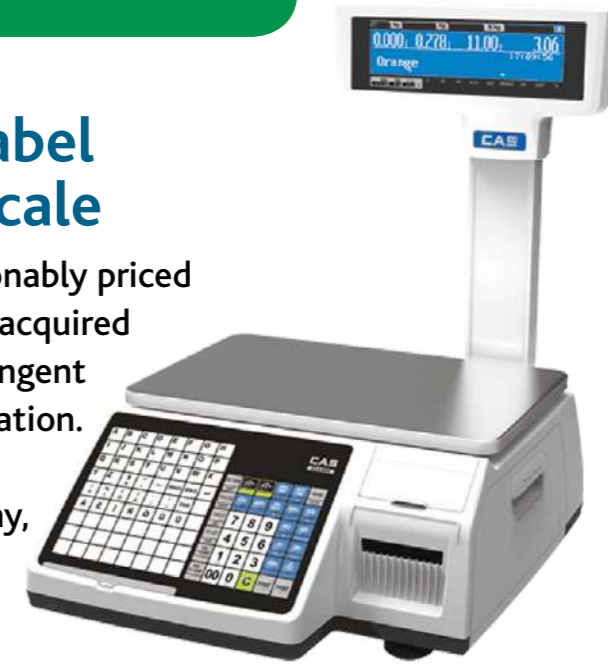
By applying cartridge method of labelling, it enables fast and convenient replacement of labels.



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Italy's Coop Liguria focuses on local culture

By Antonello Vilardi

Italy Retail Watch (www.retailwatch.it)

Adapted by Janice Hunt

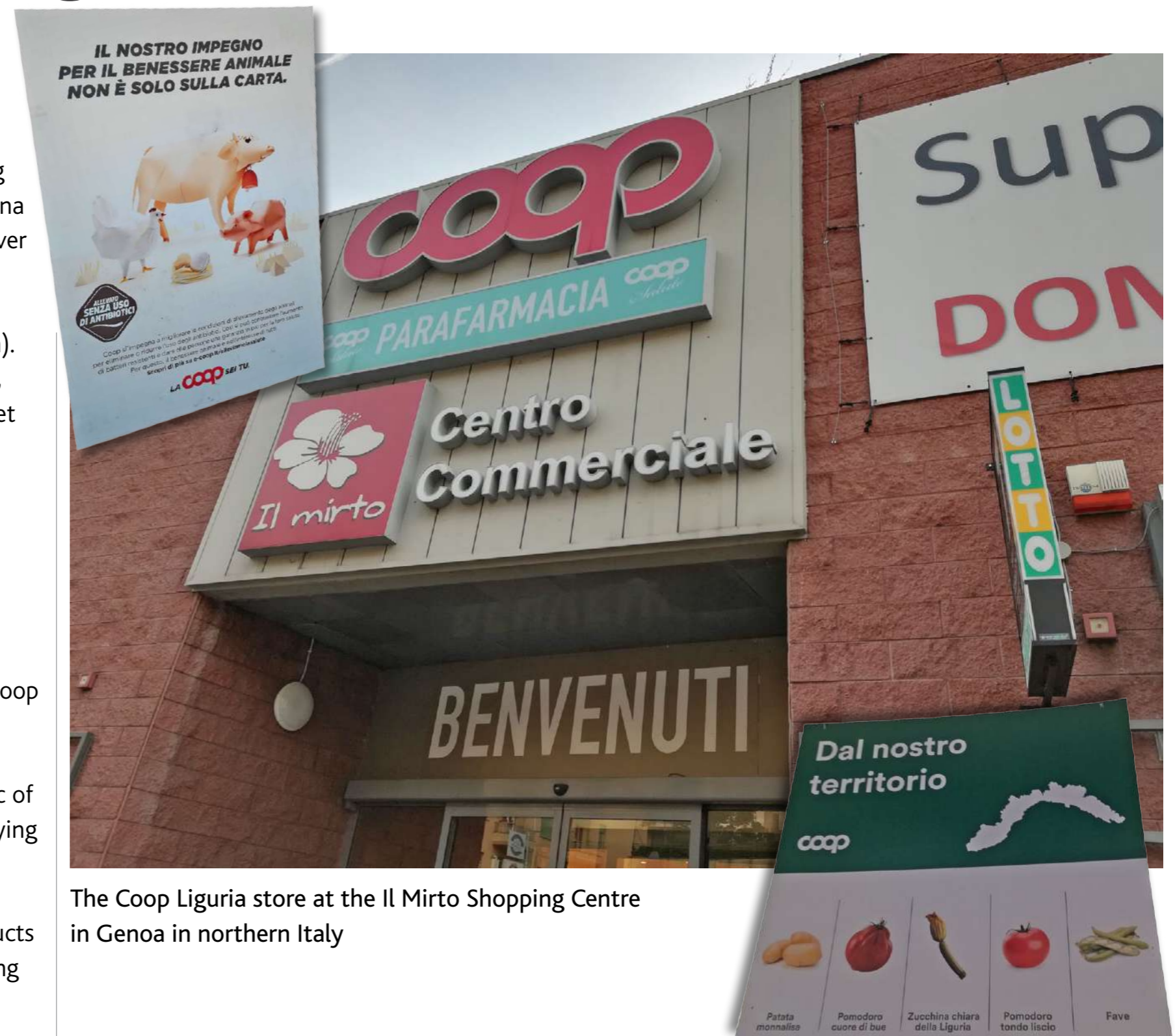
Coop Liguria is a retail cooperative operating in northern Italy in the Piedmont and Savona area. The group has about 50 stores, of which over 80% are supermarkets, about 2 800 employees, more than 400 000 members, and an annual turnover of R800 million Euros (over R13 billion).

The group focuses on quality and convenience, local sourcing, and a range of products that meet the requirements for the best food styles.

Coop Liguria, which has its roots in a coop established in 1945 in Savona, went through several changes over the years and in 1968 the name was changed to Coop Liguria. It is one of seven major co-operatives in the Coop system and is a member of the National League of Cooperatives and Mutual Societies and of the Coop Italia cooperative consortium.

Coop Liguria operates as a normal distributive enterprise, though with the strong characteristic of a consumer organisation that is aimed at satisfying the supply needs of families.

To guarantee 'the right price and quality', it is necessary to determine the value of good products within the parameters of free competition, taking into account the vagaries of the system and fluctuating markets.



The Coop Liguria store at the Il Mirto Shopping Centre in Genoa in northern Italy

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To this end, Coop Liguria is committed to:

- Promoting culture, aggregation and sociality
- Spreading healthy lifestyles and accurate information on informed consumption
- Implementing solidarity campaigns.

The Coop Liguria store located in Genoa, at the Il Mirto Shopping Centre is a prime example of an outlet that complies with Coop Liguria's aims and intentions.

Genoa is the capital of the Liguria region with about 580 000 inhabitants. As a port city it is known for its important role in maritime trade over many centuries.

The Coop distribution principle distances itself from the pursuit of corporate profit, and determines that profits go to a reserve fund that is used to strengthen and modernize the sales network, to ensure its own workers security and prosperity, to provide efficient services for the benefit of the communities, and finally to pass down what has been built to future generations of co-operators.

This applies to all the cooperatives in the Italian territory, although this article refers only to Genoa and Coop Liguria.

Coop Liguria's Corso De Stefanis supermarket

The store has a sales area of about 1 500 square metres, and 15 checkouts, nine of which are enabled for 'self scanning' mode. The configuration is traditional, with the fresh produce at the entrance, and a fishmonger. A perishable and gastronomy area with free service are on the drawing board. The butchery is both in-service and in take away, with frozen and mineral water near the checkouts.



Above: Coop Liguria focuses on meeting customers' expectations

Left: The cold meat section signage promises 'safe quality'



Coop Liguria sources local fresh produce as far as possible – from local farms and the sea



The supermarket also features a small corner of plants and fresh flowers; books at a 15% discount; and a well-stocked para-pharmacy that also opens onto the shopping centre.

Communication

Electronic tags are used for pricing, and signage in store highlights local specialities of the Ligurian area, as well as the benefits of various healthy food items, particularly locally-sourced produce.

In the fresh produce area, the concept of local sourcing of the freshest vegetables grown in the area, and in the butchery, food security in the consumption of meat purchased in the store is highlighted.

Speciality produce from the area include *patata monnalisa*, *pomodoro cuore di bue*, *zucchina chiara della Liguria*, *pomodoro tondo liscio*, and *fave*.

Coop Liguria is also actively committed to improving animal breeding conditions to eliminate or reduce the use of antibiotics, and in doing so, reducing the growth of resistant bacteria and providing consumers with additional health benefits.

In-store communication, other than the usual 'low price' notices, focus on quality and exclusivity of the advertised products, highlighting the values beyond saving – values that emphasise local identity, quality and convenience.

Prices that are too low could suggest poor quality. Quality and convenience identify the strong position that Coop Liguria is committed to and is finding purchase with customers. **SR**



The Corso De Stefanis Coop Liguria supermarket in Genoa has a sales area of about 1 500 square metres, 15 checkouts, and a traditional configuration, with fresh produce at the entrance, and a full range of departments including a fishmonger, butchery, wine department, pharmacy and toiletries

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Big business can improve the lives of SA women

Velaphi Ratshefola, managing director at Coca Cola Beverages South Africa (CCBSA) shares the work he has done to earn him recognition at the 16th annual Standard Bank Top Women Awards, under the Top Gender Empowered: Male Driving Gender Empowerment category.

South Africa's growing poverty challenge affects women and children more than any other group. Corporations are realising that they need to offer effective and sustainable solutions to address a problem that threatens to shrink an already stagnating economy. According to Statistics South Africa, over half of the country was living in poverty by 2015, with women and children being the hardest hit. Over 30.4 million South Africans lived in poverty in 2015, compared to 27.3 million in 2011. Half of all these people were women, while 67% of children under 17 lived in poverty.

With unemployment having jumped from 27.6% in the first quarter of 2019 to 29% in the second quarter, its highest level since 2003, poverty affects more people than ever.



The responsibility of uplifting the most vulnerable can't be left only to Government. It is up to every organisation in the public and private sector to

mobilise efforts to improving the lives of women, who are the ones often left to care for the young. While there are no 'institutional' barriers that

hinder women's progression in the workplace in South Africa, we cannot ignore the fact that there are still many obstacles blocking women from climbing up the ranks in business.

“ It's no secret that a massive gender gap in the workplace persists and there continues to be underrepresentation of women in key positions, leaving most women feeling disenfranchised and disempowered. ”

This is in part due to outdated organisational cultures, a lack of serious commitment towards diversifying our workforce and ensuring gender representation.

One of the biggest opportunities that corporations have today is in breaking down these barriers, which are often the remnants of a persistent legacy of apartheid and patriarchy. Key players in the economy should strive to empower their people, particularly young women, to realise their full potential and achieve their career aspirations.

Companies need to not only understand the challenges faced by our country broadly and women in particular, but also work actively towards addressing these challenges in a meaningful way.

The first and easiest step is creating a conducive environment where women can truly thrive and realise their career aspirations. They need to be supported and encouraged to be the best they can be, in both their professional and private lives.



Last year we launched 'Women@CCBSA', a women-led network at CCBSA. Through this network, women in the company connect with each other and access resources and tools, case studies and practical guides to advance their careers and have meaningful work-life balance.

These resources are geared at empowering more women within the company to achieve their full

potential in the workplace, in the home as well as in the broader community.

Through this initiative, we created a virtual village-like network where women can uplift each other and their communities to develop the next generation of strong female leaders. We wanted to create a safe space for them to talk, share their experiences and learn.

I'm particularly proud of this initiative because it has exposed more female employees to better training opportunities, while giving them a chance to engage with and learn from other female leaders and role models, who can be mentors in the workplace.

The programme also demonstrates how women can display their skills and climb the corporate ladder without losing the integrity of their leadership style or work ethic.

But looking inwards wasn't enough and we had to seek change in the communities we operate in.

We launched a R100 million supplier development fund for small black emerging suppliers including women and youth, to build their businesses. This fund will assist young, upcoming entrepreneurs in the Coca-Cola value chain to build their businesses and access more opportunities to take their businesses to the next level.

In the last year, we went further by spending R2.35 billion supporting 567 black-owned suppliers, 265 of whom were black female owned suppliers. And it's working – we have not only assisted in the creation of a more inclusive economy, but we have also helped to create a more stable environment where businesses can flourish, and more young women can be empowered.

It was encouraging that 57% of the employees of these beneficiaries are rural black women. This is important, not only because rural women are the most in need of help, but because women are the ones who invest in their families and communities. This, in turn, creates a beneficial ripple effect

“ In the last year, we went further by spending R2.35 billion supporting 567 black-owned suppliers, 265 of whom were black female owned suppliers. ”



because empowered women are catalysts for socio-economic transformation.

Another integral component to our efforts has been CCBSA's Youth Empowerment Programme, which identifies youth who display a strong entrepreneurial inclination and gives them the opportunity to create sustainable, growing businesses.

These initial steps are important, but they are only the beginning.

We can never assume to have found the answer to the enormous challenges that our country faces, but we have started to create what will hopefully be a different and positive legacy for our communities and country at large. We need to continue seeking new ways of developing people's, especially women's ability to self-actualise in whatever field they choose and for them to create livelihoods and, hopefully, wealth and chart a new way forward for future generations. **SR**

Consumer disloyalty is the new normal

South Africa's consumers are 'playing the field'

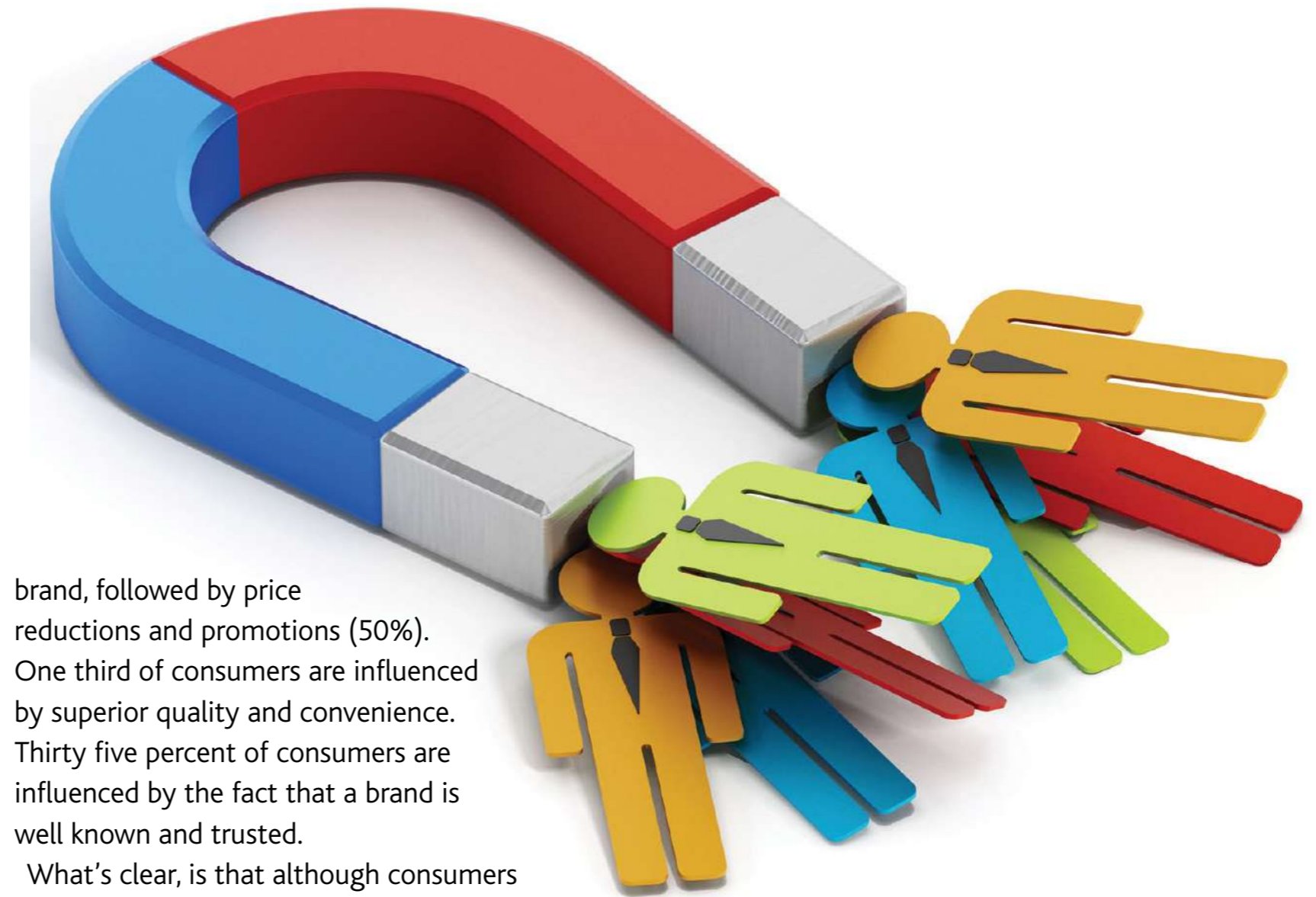
Disloyalty levels are on the rise among consumers, with just 9% of South Africans considering themselves to be committed loyalists when it comes to their favourite brands, according to a global consumer study conducted by global measurement company and data analytics company, Nielsen.

Nielsen's Global Consumer Loyalty study demonstrates that consumers are actively on the lookout for new brands as the gamble of buying new products is de-risked by levers such as rising income levels, broader product ranges and new retail channel options. A significant 38% of South African consumers say they love trying new things and a further 54% of consumers – whilst preferring to stick with what they know – can be moved to experiment.

“With the overwhelming majority of consumers actively or passively open to unfaithful actions, the risks for brand owners have never been greater.”

Ailsa Wingfield, Executive Director, Nielsen Global Markets Thought Leadership and Intelligence.

Locally, 56% of consumers single out value for money as the key factor influencing their choice of



brand, followed by price reductions and promotions (50%). One third of consumers are influenced by superior quality and convenience. Thirty five percent of consumers are influenced by the fact that a brand is well known and trusted.

What's clear, is that although consumers are enticed by price they're more likely to commit for tangible and intangible reasons. This means brands need to quantify how their physical attributes such as quality, function and convenience and their purpose attributes

such as environmental impact, transparency and experience, out weight purely price, to keep consumers content in the longer term.

Wingfield pointed to related implications of

not rethinking campaigns that focus on winning or retaining loyal customers.

The drag effect of consumer demand for choice and voting with their wallets will overwhelm existing marketing and product development efforts if brands don't more aggressively address disloyalty in the marketplace.

Overall, consumers' willingness to try new brands is on the rise – 41% of South African consumers say they are more likely to try new brands they have never tried before, compared to five years ago. A further multiplier to the equation is that nearly a third (32%) of South Africa consumers are reviewing products across broader ranges than ever.

options on shelf per category. Previous consumer connections with brands were therefore less likely due to strong loyalty associations, and more likely a consequence of availability based buying.



“As more products are brought to these developing markets, consumers are now being exposed to more choice and are able to try and trade off amongst the broader range of available products – in search of the best product solution.”

Brand owners will therefore have to work hard to gain and retain loyal consumers; and retention, extension and innovation propositions will need to extend beyond the rare loyalists, to maximise gains from new, experimenting consumers. **SR**

“We call this group ‘conscious considerers’ and they’re important because, even though they are choosing more widely than ever across brands, they tell us they prefer to stay with those they’ve tried in the past. It will take more to convince these consumers to change, but they still send signals of disloyalty.” Wingfield said.

A larger proportion of consumers (closer to half) in developing markets than developed markets are enthralled with new products demonstrating an increase in brand-switching and trial, given that historically, retail and product assortment in these markets has been informal and limited, with only two or three product

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Food waste

Contribution by IGD

Adapted by Hippo Zourides

Food waste has become a big talking point in board rooms of food producers, distributors and retailers. In South Africa, the major chains have all embarked in their own studies and processes to reduce food wastage in the future. Independents have not been as proactive, and the time is NOW for clear policies to be developed to minimise food waste.

Here are some examples from overseas...



Kaufland in Germany has developed an app called Too Good To Go. Goods expiring on a given day are discounted and customers using the app can pop into the snack bar of their nearest store to collect the goods just before closing time.



Are you doing your share?

Ahold Delaize from Holland has joined Pick n Pay and eight other global retailers to reduce food waste by 50% by 2030 (and 20% by 2020). Apart from developing technological solutions, it has also developed special arrangements with needy communities who take all its food that would otherwise be wasted.

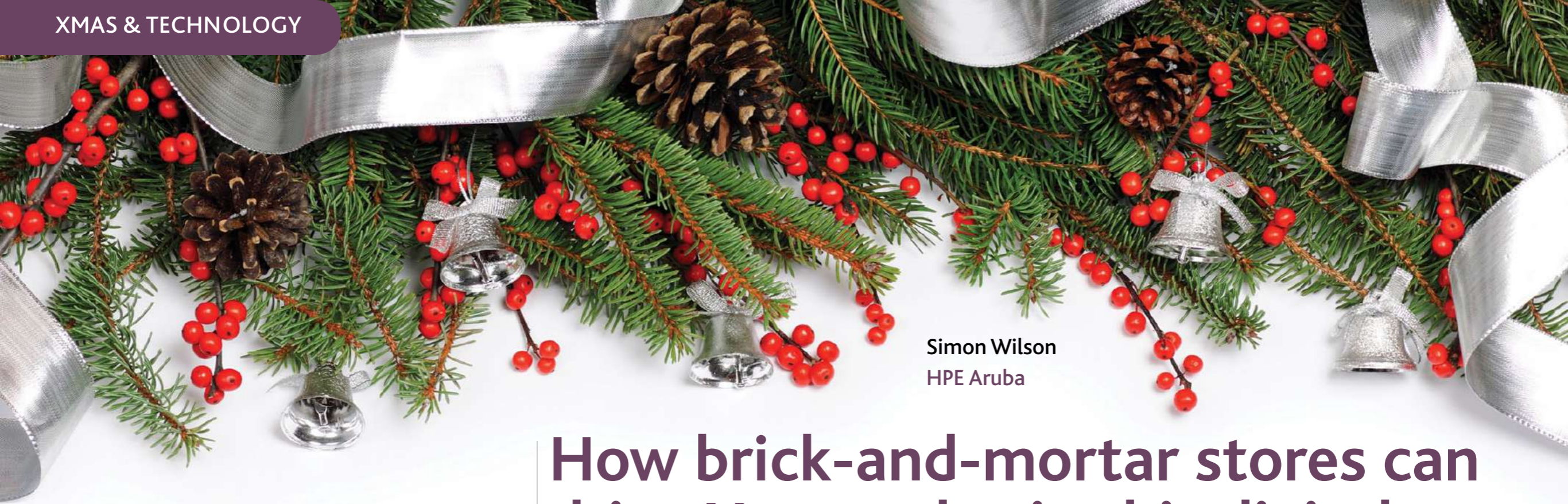
Tesco from the UK uses its FareShare app to notify various charities of what food is available on a given day for their collection. Over and above that, Tesco converts unsold bakery goods into animal feed for livestock and its cooking oil and chicken fat are converted to biofuel.

S Group from Finland reduces goods to be expired by 60% on the day before expiry date, but they are only available during a 'happy hour' just before the store closes for the day.

Finally, here is a great innovation to double the shelf life of your fresh produce. Asda has partnered with Apeel Sciences to test a new spray that creates a protective layer around its fruit and vegetables and extends the shelf life of the products. Imagine peeling the skin off a potato or an apple and finding the ingredients as fresh as ever. **SR**

What are you doing about food wastage in your store, Mr/Ms Retailer?





Simon Wilson
HPE Aruba

How brick-and-mortar stores can drive Xmas sales in this digital age

According to Stats SA, retail figures for December 2018, showed an annual decline of 1.4% instead of the expected 2.1% growth. It seems like brick-and-mortar stores are battling against depleting footfalls and decaying consumer confidence.

Retailers can leverage technology to boost customers' Christmas shopping experience



Customers are changing the retail landscape, as their behaviour changes at an unprecedented rate, creating new demands and pressures for offline and online retailers alike.

In fact, digital platforms such as Amazon are now looking into an in-store approach with Amazon Go, and internet sales still only represent under 25% of overall retail sales, signalling the continued consumer appetite for an in-person shopping experience.

Brick and mortar retailers have enormous opportunity to leverage the distinct benefits of traditional, in-person shopping in ways that digital sites can only dream about. This Christmas, the winners will be those who are able to transport the digital world into their stores in order to create convenient and memorable shopping experiences.

So, considering 85% of consumers still prefer to physically purchase products in-person, here's 3 ways retailers can use physical stores to their advantage in the digital age and help drive Christmas sales ...

1. Bring the shopping experience to life
Whilst traditional retail businesses based on brick-and-mortar stores urgently need to update their business models, they also need to start recognising the unique advantages their physical locations offer – and then using technology to enhance them.

After all, unlike shopping online, brick-and-mortar stores can offer the possibility of in-person interactions with retail staff, as well as unique shared experiences that transcend traditional





shopping routines. Take Virgin Holidays, which has opened a new chain of retail concept stores, with the aim to create an immersive environment and allow shoppers to try out various elements of the Virgin Holidays experience. Here, customers can test-run upper class seats in the mock-up of a Virgin Atlantic cabin, or visit the virtual reality installation, which takes people on a 'rollercoaster' of global Christmas holiday destinations.

This idea of 'reverse showrooming', when consumers research items/holidays online and then visit a store to try it out and receive expert advice rather than browsing in store and then going home to buy online, has been mirrored by Mango. The fashion retailers have leveraged technology to offer a similarly personalised service. Many of their fitting rooms now include radio frequency identification technology (RFID), which offers up recommended or co-ordinating items when a customer scans something.

It's not just about providing an immersive experience, and retailers must also utilise technology to provide shoppers with the most convenient visit possible. With daunting Christmas shopping queues in mind, Zara have launched self-service kiosks, which will no doubt streamline the purchase experience.

The more retailers can play up these three elements, the more they can win back the hearts and minds of consumers, using the opportunity of in-store interaction to their unique advantage.

2. Break down siloes to connect shopper behaviour online and in-store

If retailers invest properly in infrastructure that breaks down internal siloes, they will be able to offer consumers a truly omnichannel shopping experience. Until recently, there was no connection between what a shopper bought or looked at online and their behaviour in-store. But knowing who the customer is, where they are, and their preferences is critical. To do this, retailers are using analytics, location, and context, and seeing rising sales as a result.

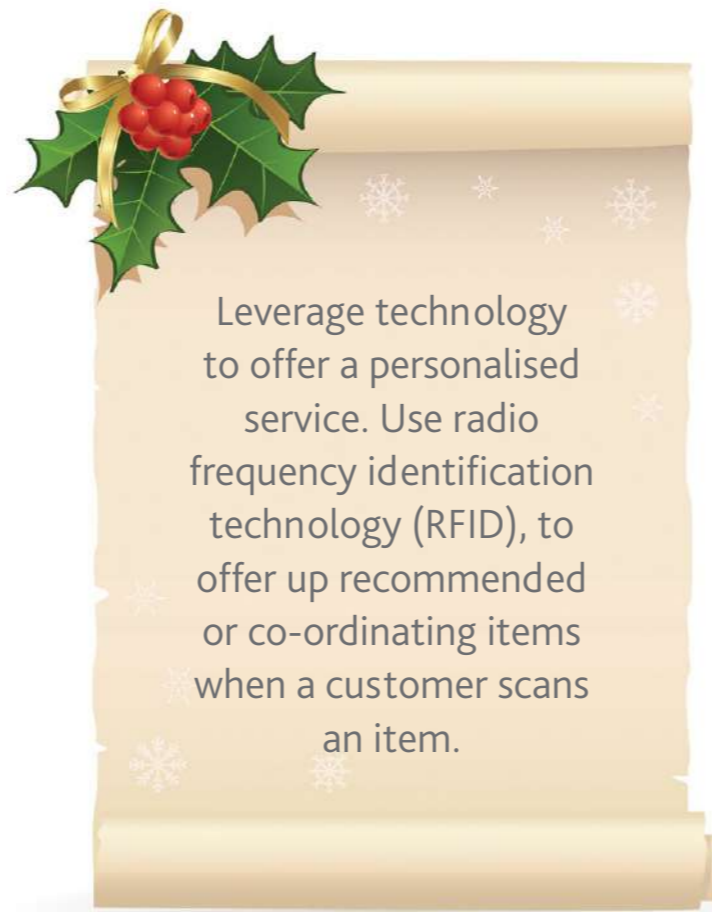




The benefits of blending online services with in-store operations are exemplified by the rising popularity of cross-platform Click & Collect options. Consumers want to shop when and where they want, and the advent of Click & Collect has proven itself attractive to customers who desire more flexibility from their delivery options. This service combines the convenience of internet

shopping (easily comparing prices and filtering through what you want), with the in-store ease of collection, all the while driving people into physical stores at the same time. In fact, this service drives impulse buys, with research showing that 24% of European shoppers make unintended purchases while picking up their items in store. As retailers face backlogs of deliveries in the build up to the festive period, this alternative option can help ensure customer expectations are met.

By aligning back-end operations with front-end customer service and using technology at every step of the supply chain, the retail industry will start to get a single, multi-channel view of its omnichannel customers. This is exactly what it needs to offer the seamless, streamlined experience that consumers now demand.



Leverage technology to offer a personalised service. Use radio frequency identification technology (RFID), to offer up recommended or co-ordinating items when a customer scans an item.

3. Gather deeper insight into stock and inventory

Tied to the above point, part of developing insight into a customer's in-store behaviour includes collecting data around stock and inventory.



At present, the structure of many retailers fails to live up to the needs of modern customers. Stock is typically siloed, and allocated to different pools that serve the physical shop, ecommerce, pop-ups, and wholesale. But this kind of approach is no longer fit for purpose in an omnichannel world. With growing customer demand to access any item through any channel at any time, retailers need to have a precise picture of their inventory 24/7.

To achieve this, and ultimately increase profit margins and retain customers, retailers must improve their data systems and make better use of inventory tracking technology. Investing in technologies such as radio-frequency identification and electronic shelf labels will enable retailers to monitor stock levels in real-time, and ensure they know exactly what they have in at any given time. Not only will this avoid customer disappointment in out-of-stock items but it maximises efficiencies, saving the retailer time and money in the long-run.

The retailers who thrive during the Christmas build up, will be those that are able to reimagine and redefine their stores for the digital age. If technology is embraced and integrated in a way that empowers employees, serves customers and improves the bottom line, retailers can look forward to a profitable Christmas. **SR**

Commercialising the shelf should be a business priority for all retailers

... and a pre-requisite for supplier partnerships

In the face of tough economic pressures and increasing competition, tight management of retailer profitability is a critical, and complex task with numerous variables having impact and requiring close attention.

Floor and shelf space are factors having direct impact on retailer profitability through the investment made in stock, the margin mix of that stock and its rate of turn, as well as any lost sales experienced due to forward OOS.

Decisions made at the total floor level (macro-space) as well at the shelf level (micro-space) in terms of the allocation of space and the associated assortment of lines carried in that space should therefore not be taken lightly... and certainly, should not be delegated to suppliers to determine unless they are proven to be responsible, unprejudiced, competent in space planning, and committed to a mutually beneficial performance agenda.



Key Performance Indicators (KPIs) should be measured and targeted at both floor and shelf levels.

Important KPIs to consider are:

- Stock investment
- Days Cover
- Stock Turn
- Revenue and profit per m²
- GMROI

These measures can and should ideally be tracked at multiple levels in order to provide clarity of both commercially strong and weak contributors.

Cascading reporting is recommended for:

- Banners, regions, clusters, stores
- Departments, categories
- Segments, sub-segments, and brands

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Key questions that this discussion poses:

- How seriously are you taking floor and shelf space planning?
- Are space based KPIs reported and debated at executive level reflecting their important contribution to business profitability?
- Are floor and shelf space planning exercises undertaken in an integrated manner to best manage total store performance?
- Have all key business processes been engineered to optimise results incorporating committed cross-functional and supplier participation?

When working on floor and/or category reviews and space planning, it is difficult to deliver gains across all of the KPIs, and trade-offs need to be made. This means that various options (at least 3) should be generated and critically compared, with the final decision being taken based on the best relative KPI delivery.

Any supplier recommendation or proposal, especially during range reviews and when new lines are launched, should include KPI reports on current vs proposed. This will ensure that while they may talk category, their proposals deliver a positive commercial result at the shelf for both retailer and their brand.

It should be noted that as an assortment and floor/shelf layouts are updated, their performance will be immediately affected. Projections and targets should be set as part of the exercise and results should be routinely tracked, reported, and gaps immediately addressed to ensure that they deliver according to plan.

Macro and micro space are inextricably linked and should ideally be managed concurrently:

- The extent of floor space available for merchandising stock is a practical constraint that must be complied with.
- Clear KPI driven parameters should be set as the basis for space allocations at both the macro and micro space levels.
- The allocation of this floor space amongst departments and categories using these guidelines should be the starting point of any planning



exercise, with this first step providing direction for the number of lines to be ranged per category.

- The KPI analyses of the micro category layouts and associated recommendations will either challenge or submit to the initial floor plan guidelines – with all category plans needing to be managed collectively within the constraints of the total floor space available before final decisions can be optimally made.

Assortment and Space Planning Software facilitates quick and effective generation of multiple floor, assortment, and shelf space options, producing associated KPI reports to facilitate assessments and decision making.

The leading retailers and manufacturers have invested in these tools and the resources to operate them, with the software being fully

integrated into the business information systems providing up to date reports and analytics, enabling fast, regular updates to be developed, approved, and communicated across the business, as well as to suppliers and their operational agencies.

In addition to routine and visible management of KPIs, commercialisation of the investment made in assortment and space planning requires the establishment of disciplined business processes, such as:

- Master data set up and maintenance
- Product listings and store ranging – clear disciplines for supplier negotiations on existing and new lines
- New store openings and store revamps
- Routine category reviews
- Annual Business Planning

Real meaningful results and momentum can only be achieved with the full support of and active participation by senior leadership.

The level and consistency of their attention given to this area of management will determine its traction and enforcement of the required disciplines, as well as the funding of the necessary data and systems integration, resourcing, and skills development.

Proactive and purposeful management of floor and shelf space within a framework of commercial KPIs will significantly impact business profitability and operational efficiencies. To do so requires committed participation and investment, and a clear implementation roadmap. **SR**

China 20 years ago

Africa's e-commerce opportunity



By Vian Chinner

Entrepreneur Vian Chinner is a consumer behaviour prediction specialist and CEO and founder of the AI-operated company Xineoh, a Canadian public company with its corporate headquarters in Vancouver.

Its engineering is run by Vian Chinner, out of Johannesburg, South Africa.

When it comes to e-commerce, Africa is where China was 20 years ago. Lagging a total of two decades could be seen as a huge negative, but in this case, it actually presents a substantial opportunity for online retailers targeting the continent. This was the message from Brian Wong, vice-president of global initiatives at e-commerce giant Alibaba, at the recent World Economic Forum (WEF) on Africa which was held in Cape Town.

In a panel discussion, titled The Retail Revolution, Wong highlighted how China grew from an under-developed digital economy to a world leader. In 1999, when Alibaba just started its operations, the per capita income in China was \$800, now



it is \$9,000. Only 8.8 million Chinese were online, today it has 850 million people using the internet.

“ China’s share of global e-commerce value has grown from almost nothing (less than 1%) to approximately 43%. ”

A study released by the United Nations Conference on Trade and Development (UNCTAD) at the WEF on Africa put the global value of e-commerce at an estimated \$29 trillion (measured in 2017). This is equivalent to 36% of total global gross domestic product (GDP) for that year.

The secretary-general of UNCTAD, former Kenyan minister of trade and industry Mukisa Kituyi, highlighted that the United States and China account for 90% of the market capitalisation value of the world’s 70 largest digital platforms. Africa’s percentage clocks in at only 1.2%.

Wong said that 20 years ago China’s retail, banking or logistics infrastructure were severely under-developed. But this situation allowed it to leapfrog aspects of the old economy and go straight on to digital.

Today, many African countries find themselves in a similar position with nascent economies and weak infrastructure. However, this gives companies doing business on the continent the opportunity to introduce innovative digital solutions that bypass the traditional way of doing things.



“ 20 years ago China’s retail, banking or logistics infrastructure were severely under-developed. This allowed it to leapfrog aspects of the old economy and go straight on to digital. ”

Challenges remain

Despite the clear opportunity, Africa’s e-commerce sector still faces many challenges. Delivering products that have been purchased online is one of them. This is because of the sheer size of many countries and the lack of transport infrastructure, particularly in rural areas, said Vilo Trska, vice president and general manager for South Africa at Procter & Gamble.

The availability and compatibility of payments systems for e-commerce also remain problematic.

Many international digital payment gateways are not available to merchants in Africa. However, Sihlesenkosi Majola, founder and CEO of South Africa-based online arts and crafts marketplace Wezart, stated that he has seen some improvements in the payments space in recent years.

Kituyi also raised the issue of cost-effective cross-border electronic payments systems that he believes should be tackled urgently. He has no doubt that the battle between the large banks

and fintech start-ups will eventually be won by the start-ups but makes a case for governments' required involvement in providing support – particularly around how to anchor the banking behind e-commerce payments that span national borders.

Unfortunately, many digital entrepreneurs still battle to find investment to bring their ideas to life. Often the risk appetite of investors for disruptive opportunities are not as high in Africa as it is in the developed world.



“ Two decades ago, Alibaba founder Jack Ma also struggled to get investors to buy into his idea. ”

As Wong outlined during the panel session, Ma went to Silicon Valley and spoke with 32 venture capitalists, but nobody wanted to invest.

Until finally a few people had faith and made the plunge.

At least there is precedent now, said Wong. African entrepreneurs should be able to approach investors having the Chinese example.



Capitalising on transaction data

Many African e-commerce companies are failing to optimally monetise the data they are gaining from interactions between customers and products on their online platforms.

During the WEF session, Trska repeated a retail wisdom: Everything starts with the consumer. He said that the future of e-retail will revolve around how producers or retailers can connect with the consumer and address their needs. The introduction of artificial intelligence (AI) into e-commerce operations is the key to the way forward, for instance...

“ AI can provide online retailers with the ability to recommend the right products to the right consumers at the right time. It can also help to optimise pricing, inventory and marketing to maximise efficiency and customer satisfaction. ”

Trska understands the need in e-commerce not just to provide the customer with what they need now, but also to use data insights (gained mostly through AI) to try and infer the future needs of customers and delivering on those. The machine learning capabilities of AI can support e-commerce operations in keeping the customer central, often knowing what they need more comprehensively than the individual themselves could comprehend.

If e-commerce companies on the African continent acknowledge the opportunity that lies in front of them and proactively embrace disruptive technologies such as AI, the leapfrogging can begin in earnest.

In this way, the opportunity can be seized, not squandered. **SR**

National 2019

MamaMagic

28 November | Johannesburg

This baby expo that has consistently provided families from all over Africa a comfortable environment to learn, explore and grow for over a decade. So while you take care of home and deal with the everyday stresses that come with being an adult, let MamaMagic take care of everything else like... providing you with an exclusive shopping experience, internationally recognised brands, expert advice and interactive talks.

Eastern Cape Wine Show

29 November | Port Elizabeth

Wine lovers should make it a date night for an evening of great wine tastings. Connect with winemakers or their representatives while tasting an array of around 250 of South Africa's best wines – all available for both sampling and ordering via Shop@Show.

International 2019

FoodAfrica

09 December 2019 | Cairo

This is the continent's largest international trade exhibition specialising in the food and agro industries. It combines an innovative format of showcasing, networking, and matchmaking, is a unique platform to access major agricultural opportunities in the Egyptian mega-market, and Africa's booming agriculture industry.



International 2020

Retail's Big Show

11 January | New York

NRF's Annual Convention & Expo earned the nickname 'Retail's BIG Show' years ago and because the name was so appropriate, it stuck. Today, this flagship industry four day event is held annually in New York City. It offers unparalleled education, collegial networking, and an enormous expo hall full of technologies and solutions.

Toy Fair

21 January | London

This provides visitors with a real overview and insight into a fun, innovative and exciting

industry, as well as providing a great networking opportunity and the chance to touch, feel and experiment with the products of the future.

Ghana Trade Show

30 January | Accra

This is a main international event for all trades. Setting new highs for participation from over 20 countries and visitors from over 12 African countries, the event is all set for its exhibitors to meet serious buyers within the three days. It continues to lead the way in showcasing the new products and technology not only to Ghana, but also to its surrounding countries. **SR**

