



21 November 2019

Results below from Pioneer and Oceana, two businesses struggling gamely in the face of resource scarcity caused in part by climate change. And some worrying numbers from StatsSA. Inequality, not simple poverty, is the cause of many social ills, and that is a problem that should be addressed from both sides of the yawning wealth gap. Enjoy the read.

---

## RETAILERS AND WHOLESALERS

---

### Shoprite

#### Know when to hold ‘em, know when to fold ‘em

In what could be interpreted as a slow-rolling palace coup, Shoprite’s nomination committee has convened to find a replacement for Christo Wiese, who was re-elected to the chairmanship of the Shoprite board at the recent AGM, courtesy, in no small part, of his disproportionately-weighted shares: he owns 10% of the Shoprite stake but gets 42% of the votes. And in a departure from the King Code on corporate governance, Shoprite CEO, Pieter Engelbrecht, has joined the committee too, as the representative of management. “We just want to ensure that whatever emerges from the process, management should feel it is good for the company,” explains Mr. E. This would appear to be in line with the views of analysts and shareholders alike, who believe the solid operational underpinnings of the business are poorly reflected in the tarnished sheen of the boardroom table right now.

**Comment:** The Steinhoff debacle has hit Christo Wiese hard, at the wrong end of an illustrious career. But it seems that Shoprite, at least, would like to move on.

[Business Day 18/11/19](#)

### Zande Africa

#### Hyperextension

Taking South Africa’s vast informal trade seriously this week is Zande Africa. “Zande who?” you ask, puzzled. Zande Africa is not a rising star of Gqom, as you might expect, but instead a fintech company providing credit and logistics solutions for spaza shops around SA, something it has been doing these four years and more, providing spazas with a one-stop service for both the delivery of goods and the means to procure them. Now it’s opening its first bricks and mortar outlet, an Orange Farm hyper, where local spaza owners – and other bulk buyers, like early development centres, churches and stokvels – will come to buy their stock, and enjoy such facilities as a bakery, butchery, a pharmacy and in-store ATMs. Zande currently has 1,600 affiliate spazas and plans to sign up another 400 by the end of the year. It will also be converting its two Mpumalanga distribution centres, in Ermelo and Mbombela, into hypers, while keeping up its distribution operations.

**Comment:** The enterprise of the informal trade and the innovation of businesses like Zande, which serve it, continue to inspire us.

[Business Times 17/11/19](#)

### Boxer Superstores

#### Laduuuma!

Boxer Superstores have built their brand on providing quality goods at affordable prices in a store environment that offers shoppers the enjoyment of the modern retail experience. They’ve also located themselves firmly with the communities they serve, and this means running one of the strongest community outreach programmes in the Republic. One particular area of focus has been in youth sports, in areas where there is often an excess of passion and talent, but few facilities. Like, for example, Umzumbe, near Hibberdene on KwaZulu-Natal’s majestic South Coast. There, the young players of the Real Stars Football Club, which practices at Umzumbe Primary School, are decked out in uniforms. And boots, all provided by Boxer, who were approached by manager Michael Ngcobo to help out. For the full article click [here](#).

**Comment:** A blip on Boxer’s bottom line, but one of many such projects, and a very big deal for the future stars of Umzumbe.

[Tatler Reporter 19/11/19](#)

### International Retailers

#### A nod’s as good as a wink

Hypothetically speaking, you’re in your mate’s Brooklyn loft, and wondering how you can get your hands on a bottle or two of Winking Owl Moscato and a six pack of retailer-brand IPA, without braving the rain and the cold of a late November evening. Wonder no more: Aldi will now deliver beer and wine across the US through Instacart, in response, one imagines, to Walmart’s announcement that it will offer alcohol through its pickup service at 2,000 stores. Walmart CEO Doug McMillon believes the Big Feller needs to do more to consolidate its online position. “Our strength is being driven by food, which is good, but we need even more progress on Walmart.com with general merchandise,” he opines. “We’re committed to progress and building a larger, healthier e-commerce business.” Lidl, in the meantime, has surprisingly slowed its growth in that vast and puzzling country, focusing on the eastern states where a big chunk of the money is.

**Comment:** Gloves off stuff over in the home of the free.

[Tatler Reporter 19/11/19](#)

### Pioneer Foods

#### A grain of truth

One of the common themes of this difficult economic ambit is companies able to grow sales and market share, but not to deliver on the bottom line, and so it has proved with Pioneer Foods for the 12 months through September: sales were up +11% to R22.27bn, and volumes up +2%, but operating profit was down -13.1% to R1.39bn, and HEPS down -6%. The big culprit, says Pioneer, which brings to market such brands as White Star maize, Sasko bread, Weet-Bix, Spekko rice, Liqui-Fruit and Ceres, is rising maize prices on the back of a poor harvest back home: while White Star has grown market share, its profits have shrunk. Elsewhere on the continent, Pioneer has been hit by currency volatility and slack consumer spending, while the market for dried fruit has diminished in the US, due to higher than expected stock levels from prior seasons.

**Comment:** That's the tricky thing about dried fruit. It keeps.

Business Day 18/11/19

### Oceana Brands

#### In deep

Results from Oceana Brands, producer of iconic South African staple Lucky Star pilchards, and we wish we had a better story to tell. Revenue was flat at R7.64bn, and HEPS – a reliable indicator of profitability – were down -25.1%. This despite a once-off release of R238m in deferred taxation due to the lowering of corporate tax rates in the US, thanks Trump. Fish meal was hit by poor weather in the US, where excessive rainfall raised water levels, and back home, where extended winter weather patterns reduced the industrial catch. On the upside, the Group was pleased with performance of its canned fish division, where Oceana had managed to keep prices down despite a shortage of fish. So this – yay! – meant Lucky Star grew revenue +12%. The business also managed to improve efficiencies and throughput, savings costs to the tune of R45m.

**Comment:** A tough industry to be in, and one that with declining fish stocks and climate change is unlikely to get much easier.

Business Day 15/11/19

---

## TRADE ENVIRONMENT

---

### Inequality

#### Out of balance

StatsSA has just released a report on inequality trends, which revealed that while we have improved in some measures, inequality has widened this year, putting us higher on the scale among our peers in BRICS and Africa than before, and cementing our position as one of the most unequal countries in the world. The largest contributor to our inequality is the labour market, which accounts for 70% of household income, and where in 2015 the top 10% of employed adults earned 9.7 times that of the bottom 40% – up from 5.8 times in 2011. And, it need not be said, our inequality is deeply racialised: unemployment for black people is four times that for whites, and rose from 28.6% in 2011 to 31% in 2017. On the upside, our Gini coefficient, based on per capita income, has ticked down slightly, from 0.72 to 0.67m where 0 indicates perfect equality and 1 complete inequality.

**Comment:** Unwelcome news, mostly. But the great value of the work StatsSA does is to put a precise and often stark value on the things that ail us – a necessary first step for curing them.

IOL 15/11/19

### THE WEEKLY GURU

“A man willing to work, and unable to find work, is perhaps the saddest sight that fortune's inequality exhibits under this sun.”

Thomas Carlyle

For further information:

[www.tradeintelligence.co.za](http://www.tradeintelligence.co.za) | [info@tradeintelligence.co.za](mailto:info@tradeintelligence.co.za)

Editorial:

Nick Paul: [nick@tradeintelligence.co.za](mailto:nick@tradeintelligence.co.za)

Advertising Sales:

[info@tradeintelligence.co.za](mailto:info@tradeintelligence.co.za)