

# Inaugural FMCG Insights & Conference adjudged a success

The inaugural FMCG Insights & Conference took place at the Turbine Hall, Joburg recently. The event emanates from the Sunday Times' Top Brands research, which measures consumer brand preference and is published annually.

Maryla Masojada, MD of Trade Intelligence, delivered the introductory presentation, providing a snapshot of the state of the FMCG industry in South Africa. Masojada acknowledged that consumer confidence is at a low with R78 of every R100 spent by SA consumers going towards debt payments, which places significant pressure on retailers to find extra margin in a tough and highly competitive economic climate.



Global vs Local panel L-R Sarah Britten, Pippa Capstick, Sharon Keith with Stephen Gunnion

The food and grocery channel is reflecting the highest turnover growth, particularly in the spaza format, and fuel retailers are similarly showing strong growth. While Caltex and Freshstop have 219 outlets in SA, Woolworths and Engen are showing the biggest turnovers within their 67 outlets. Masojada also noted interesting developments in the Pet and Fresh categories, which provide retailers with higher footfall and opportunities to increase margins.

Some other interesting points were:

- There has been a massive proliferation of new stores in SA, with more than 2400 formal retail stores opening in the past five years. Besides their presence in SA, South African retailers also operate a total of 735 stores across Africa;
- and • Pick 'n Pay now has more than 10 million SmartShopper card holders in South Africa.

## Growth of the informal trade sector

The author of *Kasinomics*, and CEO and founder of Minanawe, GG (Marc) Alcock provided insights into the growth of the informal trade sector in SA with the presence of approximately 100,000 informal stores across the country, 70% of which are spazas and the balance 'spazettes'. There are more than 50,000 fast food outlets serving traditional and modern African food, and more than 150,000 hair salons within the informal sector. Alcock said that the informal outlets are successfully competing with retail chains in townships, where they have highly efficient distribution systems and can be profitable on low margins. Alcock stressed the importance of timing brand promotions and activations at the right point of the month – near payday.

Other stats presented were:

- The South African trade in traditional medicines is R2.9bn annually – equal to 5.6% of the national health budget;
- and• Parmalat cheese slices are sold at a rate of 13 slices, every second of every day – a total of 200 million cheese slices per year and worth R1bn annually.

Thembi Mazibuko, head of merchandise strategy of Pick 'n Pay discussed the importance of retailers giving back and the role of PnP's small business incubator programme, Boost Your Biz. The concept allows for small suppliers to have their products listed on PnP's shelves and also provides opportunities for skills development and capacity building.

Taking a look at the emergence of omni-channel marketing, Colin Fleming, group e-commerce executive of Massmart, noted that the internet has had a significant impact on all retail touch points from pricing, through to the consumer experience. "Digitally enabled retail is what we must understand," said Fleming, particularly with regards to the impact of e-commerce in the grocery and FMCG sectors.

Packaging and product design are of key importance, with regional references becoming a global trend as consumers show a growing preference and appreciation of locally produced items. This was according to the international insights gleaned from Gail McLeod, MD of Stratcom. Sharing examples of packaging trends from China, Russia and the US, McLeod emphasised the importance of a product's structure and design in influencing the intensity of consumer engagement, and their tangible experiences with brands.

## Panel discussions

The FMCG Insights also included three panel discussions.

In a discussion moderated by Stephen Gunnion of BDTV, Sharon Keith (marketing director, Coca-Cola), Sarah Britten (regional strategic director, Y&R LabStore) and Pippa Capstick (executive director, Joe Public Ignite) discussed the effectiveness of global vs local advertising strategies, making references to global advertising campaigns from Coca-Cola that have been regionalised for local market effectiveness.

Kojo Baffoe hosted the panel discussion between Julian Remba (GM: Castle Milk Stout, SABMiller), Antony Stearns (national head of shopper marketing strategy of Geometry), and Kabelo Ncholo (MD Yourself Management), discussing the factors that influence the success of in-store and out of home brand activations, in the both the formal and informal retail sectors.

The science of decision making amongst consumers, and the need to understand the rational and subconscious drivers of behaviour, were debated by Chris Davies (innovation partner: new data streams, TNS), Dr David Rosenstein (director, Neural Sense) and Carl dos Santos (director, iRam). Alishia Seckham of BDTV moderated the discussion, which also investigated the ethics behind neuro-marketing and the place it holds alongside traditional consumer research models.

Trevor Ormerod, GM group sales & marketing at Times Media said: “We believe this first FMCG Insights conference has delivered true value to those operating in the FMCG sector. We have received phenomenal feedback from delegates and are proud to have delivered this knowledge-sharing opportunity to our clients and advertisers. We will be making this an annual event and look forward to hosting it again in 2017.”

For more, visit: <https://www.bizcommunity.com>