

PressRelease

For Immediate Release

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South Africa's retail community poised for major change

South African retailers and suppliers must brace themselves for a new era of retailing, warns Planet Retail in its latest report [Walmart in South Africa: The Beginning of a New Age](#). Walmart's impact is expected to be colossal and far-reaching, provided it receives the green light from South Africa's Competition Commission to acquire a 51% stake in local retailer Massmart.

The report warns that local retailers and suppliers should first and foremost be driving efficiencies in their businesses in preparation for the arrival of the world's largest retailer. However, it will be essential for business models to shift away from pure price leadership.

"Those that choose to go up against Walmart on price alone will be digging themselves an early grave. Walmart's unprecedented scale and increasing deployment of global sourcing makes it virtually impossible for local retailers to match pricing without having a major impact on their bottom line," said **Natalie Berg, Planet Retail's Global Research Director**.

Instead, the report advises retailers to profitably drive growth through initiatives such as private label development and shopper loyalty schemes. The impact on the supplier community will also be monumental, as the report states that Walmart is likely to introduce EDLP to South Africa's highly promotional market and will also act as a catalyst for private label investment among the greater retail community, putting additional pressure on national brands.

"Looking to the future, the gap will widen between Walmart and smaller retailers given the global giant's ability to absorb inflationary pressures with its lean cost structure. South African retailers and suppliers need to be ready for a major efficiency drive," Berg added.

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The report is essential reading for anyone looking to invest in the rapidly emerging South African retail market. Planet Retail expects consumer spending to increase 54% by 2015, on the back of both rising incomes and a young population growing by 6.1%. The middle class now comprises one

third of the country's 51 million-strong population as millions of people continue to move out of poverty.

Boris Planer, Director of Macroeconomics at Planet Retail commented: "South Africa is increasingly becoming one of the world's big success stories. Its middle class is already larger than the national populations of many EU member states, and regional growth prospects make it the ideal springboard for a continent with one billion inhabitants."

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About Planet Retail:

Planet Retail is the leading provider of intelligence on the global retail and foodservice industries, monitoring more than 10,000 retail operations as well as market developments in 211 markets. With over 15 years of industry insight, Planet Retail is a brand trusted by more than 3,000 organisations worldwide, delivering up-to-the-minute news, analysis, market research and digital media via www.planetretail.net. Planet Retail has offices in London, Frankfurt and Tokyo.