Priority Research Needs of the South African Wholesale and Retail Sector.

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Abstract

The recently-established Wholesale and Retail Leadership Chair at the Cape Peninsula University of Technology is the first of its kind in Africa; and seeks to align its research and professional education role with that of similar centres in leading universities in the USA, Europe and Australia. Its first project has been a comprehensive survey of priority research needs of the South African Wholesale and Retail Sector; with the objective of providing an overview of the most significant research requirements of this complex and volatile economic sector, nationally and internationally. The Wholesale and Retail research priorities survey was conducted across the spectrum of sector stakeholders including corporate and informal traders, in all provinces. Survey methodology encompassed a structured priority-rating questionnaire, complemented by action research dialogic interviews with thought leaders in the W&R sector, government and labour unions. Within a matrix of W&R functional areas and Standard Industry Classification divisions, the multiplicity of perceived research problems is analysed and distilled into 'Top Ten Research Priorities' for consideration by a collaborative network of sector stakeholders and practitioners.

Key words: wholesale, retail, research priorities, professionalism, skills development, informal sector sustainability, financial governance.

INTRODUCTION

The Wholesale and Retail Leadership Chair at the Cape Peninsula University of Technology (CPUT) was recently established as a result of the Wholesale & Retail Sector Education and Training Authority's initiative to contribute towards professional research and qualifications development at Higher Education levels. The main objective of the W&R Leadership Chair, the first of its kind in Africa, is to contribute substantially to professionalism in the sector, including the development of distinguished scholarship, the promotion of innovation and reputable, internationally competitive research.

RESEARCH OBJECTIVES

The first step taken by the W & R Leadership Chair, to establish a well-informed basis for future research, was to commission a survey which will provide an overview of significant research requirements within the South African Wholesale and Retail sector, nationally and internationally. The survey objective was to identify and prioritise strategic and operational W&R sector research topics, within the policy frameworks of South Africa's National Skills Development Strategy lll (Republic of South Africa 2011) and National Development Plan: Vision 2030 (National Planning Commission 2012).

Recognising that the Wholesale and Retail sector of the South African economy is a major employer, subject to the volatility of national, continental and global socio-economic cyclical changes, the survey aimed to identify and prioritise significant W&R sector research requirements, based on the responses of a representative sample of small, medium and large W&R business owners and managers in all 9 provinces – complemented by qualitative action research dialogic interviews with thought leaders in retail-related professional education, government agencies, business consulting, labour union and trade association spheres.

The guiding principles and strategic goals of South Africa's current National Skills Development Strategy and National Development Plan provide policy context for this research needs survey, given that the W&R sector has the potential for significant contributors and inhibitors to the achievement of the NDP socio-economic objectives. This potential applies not only within South Africa, but also internationally; by interacting across the African continent and collaborating with the emerging Brazil, Russia, India, China, South Africa (BRICS) group of countries.

PROBLEM STATEMENT: CONTEXT AND SCOPE

The over-arching conceptual and strategic framework for consideration of South African wholesale and retail research priorities, includes the recently-published

National Development Plan: Vision 2030 (NDP), formulated by the National Planning Commission, which is chaired by the Minister in the Presidency: National Planning (Dugmore 2013). It is important to note, however, that certain aspects of the NDP baseline data, ideology and socio-economic assumptions are contested by the Congress of South African Trade Unions; including the assertion that NDP "claimed employment of 5 million in the retail sector is more than double the actual total" (Coleman 2013).

A well-informed economist and National Planning Commissioner (Altman 2013) commented that "although the NDP Vision 2030 document includes few specifics relating to the wholesale and retail sector, NDP Chapters 3 and 7 do highlight national developmental objectives which will require strategic research, decisions and actions by W & R thought-leaders". The Commissioner alluded especially to the NDP objectives which seek to develop an additional 11 million jobs; broaden ownership of assets to historically disadvantaged groups; remove constraints on investment and job creation; and position South Africa to build on its competitive advantages, especially in implementing a focussed SADC regional integration strategy.

LITERATURE REVIEW

An analysis commissioned by the Department of Trade and Industry (National Labour & Economic Development Institute 2007) of the South African retail sector's contribution to economic growth, employment promotion and poverty reduction, in support of the national Accelerated Shared Growth Initiative for South Africa (AsgiSA) economic strategy, indicated that reliable comparative data on direct and indirect growth, employment and linkages with SA manufacturing sources, are "relatively hard to come by" (2007:11).

Wholesale and Retail in South Africa is regarded as a significant sector of the economy and a major employer. It is the fourth largest contributor to Gross Domestic Product with a contribution of about 15% and employs about 22% of the total active workforce of the country (W&R SETA 2011). Statistics South Africa Quarterly Employment Statistics for September 2011 reported an annual increase of 1% (Statistics SA 2011), although COSATU analyst Coleman (2012) and SACCAWU officials (Kotze & Gumede 2013) have expressed doubt regarding the accuracy and reliability of wholesale and retail trade employment data.

According to the W&R SETA website and comprehensive 2011-2016 Plan (W&R SETA 2011:6-8), recent data trends indicate retailing is ‘one of the least transformed sectors in the economy’; and that permanent employment within the sector as a percentage of the total South African workforce has been decreasing, from a high of 27% in 2001, to 22% in 2010. This suggests that the practice of periodic employment of casual staff is increasing, aligned with projected peak retail sales periods.

The W&R SETA 2011-2016 Sector Skills Plan (2011:6) notes that the highest densities of wholesale and retail enterprises are found in the Gauteng, KwaZulu-Natal and Western Cape provinces. Together, these provinces make up 76% of the total national workforce of the Wholesale & Retail sector. Significantly, the Sector Skills Plan notes that about 87% of the number of businesses in the W&R sector are small enterprises, compared with 9.5% medium and 4.5% large corporate enterprises; and that only 65% of businesses in the W&R sector are formally registered; there are over 100 000 informal traders in the sector, with an estimated annual sales turnover of R7 billion; making up approximately 10% of total national retail sales.

South Africa, in common with many developed and developing economies, has moved increasingly towards shopping centre or mall-based retailing; with negative implications for the sustainability of informal and micro-retail traders (Müller 2013; Charles 2013) and their future job creation potential, within the objectives of the NDP.

In framing this South African survey, careful note was taken of recent international retail sector analyses and reviews, including those in Performance Improvement (Dziobaka-Spitzhorn 2006), the Harvard Business Review (Rigby 2011), the United States ‘Retail Means Jobs’ career awareness campaign (National Retail Federation 2011), Supermarket & Retailer (2013) and Stores magazine (2013), including an extensive range of current retail-related features and discussion papers (www.stores.org/content/whitepapers), which provide comprehensive insights into strategic marketing trends and debates in the sector.

Note was also taken of national, provincial and municipal governance factors which may promote or retard the growth potential of the South African W&R sector, including: consumer culture (Spector 2005), youth unemployment (African Frontiers

Forum 2013), economic and social upgrading in value chains (Barrientos and Visser 2012), urbanisation and metropolitan consumer trends towards ‘the 24 Hour Economy’ (Gauteng Department of Economic Development 2012), sustainability strategies (Chinoda 2013), municipal trading hours legislation (City of Cape Town 2013), proposed new licensing legislation for all businesses including informal retail traders (Davies 2013), retailer public reputations and trust perceptions (Falala 2013), wholesale and retail pricing strategies (Meijer and Bhulai 2013), corporate governance principles and practices (Van der Heever 2013), effectiveness of skills development and support for emerging retail and other businesses (Mfenyana 2013; Nkosibomvu 2013; Kotze & Gumede 2013; Müller 2013; Charles 2013); the need for effective collaboration amongst retail trade associations (Consumer Goods Council of South Africa undated; Pillay 2013); the “toxic relationship between government and private sector” (Landman 2013); and the transformational role of regional socio-economic development agencies, within the National Development Plan objectives and strategies (Gauteng City-Regional Observatory 2012; Nyar 2012; Gabriels 2013; Lewies 2013; Western Cape Economic Development Partnership 2013; Gordon & Tshabangu 2013).

According to a BER report(2013) the retail outlook is not very encouraging, characterised by deteriorating consumer confidence levels, rising prices, weak employment prospects, a slowdown in credit extension and the projected easing in social grant spending will weigh on retail volumes, over the rest of this year” (BER 2013: 2).

PricewaterhouseCoopers (2012) mentioned that retail margins are under intense pressure in the current economic environment. “First, decreasing disposable income leads to lower consumer spending, with direct impact on the bottom line. Second, shrinking margins in the FMCG industry make negotiations with suppliers of branded goods increasingly difficult. Last but not least, maturity in many markets leads to the introduction of new formats, including increasing numbers of convenience stores and more discount retailers; thus generating fierce competition” (Wilkinson 2013). Among all retail categories, mass grocery retail is predicted to be the outperformer between 2013 and 2017 in growth terms. The BMI Retail Report (2013) nevertheless, remains positive on South African private consumption, forecasting real growth of 3.0% in 2013, following 3.3% in 2012; and concludes that although private consumption should hold up well, investment is likely to suffer, because of elevated political risk.

A review prepared for the National Credit Regulator (NCR, 2011) highlights the demand for retailer credit access and support needs by SMEs; and analyses the funding and support programmes available. In addressing the effectiveness of public sector support of small and emerging businesses, the review poses the question: “Why has government support of small businesses failed?” (NCR 2011: 43). This question was also highlighted by the Retail Council of South Africa (Pillay 2013), as well as by executive members of the South African Small and Medium Enterprises Federation (Venter 2013a), the National Small Business Chamber (Gouws 2013); and the Informal Traders Alliance (Müller 2013).

According to the Director of the Retail Association (Cohen 2013), “Gearing up for future growth, retailers need to take a strategic look at the sector’s labour market requirements. The economic and regulatory environment is shifting. Whether in South Africa, the African continent or abroad, collaborative, innovative and pro-active strategies are vital to ensure that retail has the human capital capacity to stimulate and sustain growth in the sector, going forward”.

A thought-provoking paper critiquing the structure of the SA economy (Philip 2010) which was described by the Deputy Director-General of the Economic Development Department (EDD) as “highlighting an issue which the wholesale and retail sector needs to consider seriously” (Makgetla 2013), argues that while much scholarship has focussed on critiquing the concept of the ‘second economy’, the stark inequalities that characterise South African society and its economy must be addressed.

A ground-breaking study by *Raman & Fisher (2010)* provides insights into an aspect of international W&R performance which is likely to be a significant challenge to South African retail businesses, especially in the context of technological innovation and international expansion. The futuristic theme of how best to engage potential customers through ‘omni-channel retailing’ is similarly explored in the Harvard Business Review (Rigby 2011). Current ‘omni-channel retailing’ enterprises in South Africa include the well-established Home Choice (2013) catalogue offering; and the specialist niche products marketed solely on-line by BackJoy Posture (2013).

This W&R Research Priorities Survey reflects data and insights from the three major divisions of the international Standard Industrial Classification (SIC) categories of Wholesale & Retail Sector businesses, as defined by Statistics South Africa, for economic monitoring, data analysis and policy formulation. These SIC divisions have been indicated by W&RSETA and Economic Development Department management as aligned with the W&R sector analysis policy; and they therefore provided a relevant framework for the survey respondent data analysis and recommendations

SURVEY METHODOLOGY

In collaboration with W&R SETA management across all regions, a broadly representative sample of sector businesses, trade associations, labour unions and relevant government agencies was contacted, in order to identify and prioritise stakeholders' and thought leaders' perceptions of W&R sector strategic and operational research problems and needs for policy review within South Africa (Nyar 2012; Makgetla 2013; Mowzer 2013; Strachan 2013; Gabriels 2013), across the African continent (Scholtz 2013); and in optimising international trade relations within the emerging BRICS group of developing countries (Davies 2013).

Of 206 contacts made and survey questionnaires distributed, 64 were completed and analysed, within a matrix of generic Wholesale & Retail functional areas and the three major divisions of Standard Industrial Classification (SIC) categories in the sector as defined by Statistics South Africa, namely:

- SIC Division 61: Wholesale and Commission trade;
- SIC Division 62: Retail trade excluding motor vehicles and fuel; and
- SIC Division 63: Retail trade of motor vehicles and fuel.

The survey questionnaire was designed to identify key W&R strategic and operational research problems in South Africa, within a matrix of these three major Wholesale & Retail SIC Divisions and the following functional areas:

- Corporate Governance, Strategy and Risk Management
- Marketing, Sales Promotion and Public/ Stakeholder relations.
- Procurement, Supply Chain and Distribution logistics
- Branch Operations Management, Systems and Technology
- Finance: Access, Viability & Sustainability.

- In-Store Production and Quality Assurance
- Human Resources: Talent Management, Employment Equity, Skills Development & Labour Relations
- Safety, Security, Waste Management & Loss Control
- Premises and Asset Management
- Development Projects & New Ventures
- Formal / Informal W&R Challenges & Opportunities.
- Non-store, Catalogue & On-line Wholesale & Retail Trading

The researcher also participated in a CPUT Wholesale & Retail Seminar focussing on sector research problems and opportunities held in May 2013; and noted key topics in debates during W&R SETA Sector Skills Plan (SSP) annual update stakeholder forums in the three high-density provinces of Gauteng, Western Cape and KwaZulu-Natal, in May and June 2013. Relevant Wholesale & Retail Seminar and SETA SSP stakeholder forum inputs were incorporated into the Survey Report, towards formulation of a broadly representative perspective of priority research problem topics.

CPUT Retail Seminar: Observations and Opportunities

During a seminar on the research needs in the Retail Sector, convened by the CPUT Wholesale & Retail Leadership Chair (Steyn 2013), several potentially meaningful research needs were identified in the various presentations, summarised below.

- **Perspectives on Retail Expansion into Africa**

Well-informed perspectives were provided by a widely-experienced W&R sector legal practitioner (Scholtz 2013), highlighting business opportunities, cautions and caveats for potential South African wholesale and retail expansion across the African continent. He indicated that while South Africa, Namibia and Botswana have much in common, including stable political and legal systems, good trading and logistics environments, access to development funding and relatively low corruption factors; these systems and values are not necessarily the same, north of the Kunene and Limpopo Rivers.

Based on considerable experience of corporate retail expansion problems into other regions of Africa, he recommended that business environmental factors which South African retailers considering expansion across the continent need to research and evaluate, should include:

Language, Culture & Economic Growth Potential

Apart from the obvious variable of economic growth potential, language and cultural differences are significant factors in communicating with government, business partners and consumers.

Property Development Issues

Availability of land, title deed security, limited property loans and the costs of property ownership or rental, all need to be well understood, in a target country. Dual currency systems (e.g. US$ property loans, repayable in local currency); and housing rental payable yearly in advance, must be rigorously researched, for African market assessment and entry processes.

Procurement & Supply Chain Logistics

The imperatives of quantity and reliability of product sourcing, trade credit systems, procurement and supply chain logistics are key factors which South African retailers need to investigate thoroughly, before deciding on expansion strategies.

Retail Management Availability, Skills Development and Retention

The calibre and competence of retail operational management in a region far from the South African corporate headquarters need to be of a high standard, and also in touch with the vicissitudes of regional markets.

Corruption and Legal Protection Factors

Significant variances in legal values, systems, governance processes and practices are a reality, across the various states in Africa. Political affiliations, perceptions of legal rights and due process need to be well understood, in building local partnerships and implementing W&R business practices which will promote integrity and protect the corporate ‘bottom line’.

- **The BRICS option**

Key points from a policy presentation made by the Minister of Trade and Industry (Davies 2013) in Cape Town in April 2013, regarding South Africa’s role in the recently-formed Brazil-Russia-India-China-South Africa (BRICS) group of developing countries, were considered. Although national wholesale and retail sector strategies do not feature specifically in the DTI mandate, nor in the Minister’s BRICS policy presentation summarised below, strategic research questions will emerge, as collaborative stakeholder analysis of this W&R survey gains momentum.

The Global Context

- BRICS countries are fast emerging as the new sources of global economic growth, trade and investment flows; re-shaping the global economy and driving recovery from the 2008/2009 “Great Recession”. BRICS will account for 61% of global economic annual growth by 2014; and developing countries’ share of world trade will double over the next 40 years; hence the strategic importance of strengthening South-South trade, investment and development cooperation.

South Africa’s BRICS Membership Strategy

- Develop a platform to address challenges arising from the rapid growth in intra-BRICS trade (e.g. Joint Study in 2013 to promote value-added exports).
- Champion a new paradigm for equitable development that focuses on mutually-beneficial complementary trade, not destructive competition.
- Advance support for Africa’s development agenda (especially regional integration, industrial capacity and infrastructure development).

- **The W&R SETA perspective**

W&R SETA Chief Officer: Qualifications and Research (Sipengane 2013) contributed an informative presentation on the SETA’s national priorities and research strategy in 2013/14, towards a synergistic approach with the W&R Research Leadership Chair at CPUT. Key points in his presentation are highlighted below.

- Develop and update W&R Sector Skills Plan
- Commission Impact Assessment studies on completed projects
- Economic impact of Wholesale & Retail sector in the South African Economy

In parallel with the national Research Priority Needs Survey conducted with industry management and stakeholders, CPUT Retail Department priority perspectives were summarised in a seminar presentation (Venter 2013b).

- **The CPUT perspective**

Within a framework of functional areas similar to that used in the W&R industry survey, the CPUT Retail Departmental presentation identified their perceptions of high priority research topics, including:

Corporate Governance, Strategy and Risk Management

- Franchising versus Self-owned Retail Businesses in South Africa, Africa and BRICS countries.

Marketing, Sales Promotion and Public/ Stakeholder relations

- The Potential and Risks of Social Media as a Retail Marketing Strategy
- Private Labelling options for Retailers
- Impact of the Consumer Protection Act on the Retail Supply Chain

Procurement, Supply Chain and Distribution logistics

- Development of Local Suppliers versus Importing of Products

Branch Operations Management, Systems and Technology

- Technology Trends for Retail Managers

Finance: Access, Viability & Sustainability

- Financial Performance Indicators for various Retail Businesses

In-Store Production and Quality Assurance

- Quality Assurance of In-store Retail Production

Human Resources: Talent Management, Employment Equity, Skills Development & Labour Relations

- Identification of Scarce and Critical Skills in Retail
- Job Creation Strategies in Retail Business
- Appropriate Retail Training for SMME Retailers

Safety, Security, Waste Management & Loss Control

- Shrinkage and Loss Control in Retail Businesses
- Outsourcing Models of Housekeeping and Security Functions for Retail Business

Development Projects & New Ventures

- Risks of Business Ventures into Africa
- Retail Opportunities as a result of the BRICS Agreement

Formal / Informal W&R Challenges & Opportunities.

- Impact of Chinese Retailers on Rural Retailers

Non-store, Catalogue & On-line Wholesale & Retail Trading

- E-Retailing, E-Tailing, E-Commerce in Retail

A core mandate of all Sector Education and Training Authorities, in terms of the Skills Development Act (Republic of South Africa 1998), is to develop a credible and well researched Sector Skills Plan (SSP) and to ensure that SETA skills development interventions translate into real opportunities for all South Africans (Republic of South Africa 2011; Pampallis 2012).

During the W&R SETA process of SSP 2013-14 stakeholder forum consultations towards updated identification of regional and national scarce and critical skills needs in the sector, forum participants indicated that 2012-13 had been the first SSP that 'top ten' scarce skills lists had been compiled, which was a significant step forward (Sipengane 2013; W&R SETA 2011: 12-14). Nonetheless, several sector stakeholders expressed concerns regarding the reliability of the SSP change drivers and prioritisation process, suggesting that this may benefit from objective professional research, in order to enhance the value of the SSP, for curriculum guidance of the SETA Qualifications Management Body (QMB), Further Education and Training (FET) Colleges and Higher Education Institutions (HEIs).

DISCUSSION OF RESEARCH FINDINGS

The priority ratings and qualitative responses elicited by the survey questionnaire, stakeholder and thought-leader dialogic interviews, CPUT Retail Seminar and W&R SETA Sector Skills Plan 2013-14 update forums will now be summarised, within a matrix of the functional areas and major SIC Divisions, as listed above.

Significant comments by stakeholders are quoted; and regional and/or sub-sector trends (such as corporate W&R corporate business / Informal trader responses, labour union concerns, niche market issues and urban-rural differentials) are noted, where potentially relevant for meaningful research consideration and planning.

National: Overall W&R sector survey findings: perceived research priorities
Aggregate priority research problem issues: A matrix of respondent weightings within defined W&R functional areas and major SIC Divisions, indicating priority functional areas for in-depth research topics. A bar chart (figure 1) of the total weighted priority scores for each functional area graphically illustrates relative respondent prioritisation.

Figure 1: Overall W&R sector survey findings: National research priorities

SIC Division 61: Wholesale and Commission trade: "Burning Issues" for priority in-depth research, highlighted by respondents.

Corporate Governance, Strategy & Risk Management

- "Business governance, viability and sustainability strategies are top priority".
- "Because of exchange rate fluctuations, beyond our control as a wholesale importer, continuous operating costs reductions are being sought – as increased product prices cannot always be passed on to the retailers or consumers".
- "Opportunities for W&R vertical integration, to improve cost-efficiency?"

Human Resources Management & Development

- Business management & supervisory skills and employment equity – especially to develop "thinking middle management" competence.
- Effective labour relations processes and communications skills, to minimise unreasonable expectations and to improve staff skills and productivity

Safety, Security, Waste Management & Loss Control

- Shrinkage / Loss Control is a major problem, and systems/policy loopholes are continually having to be closed at high cost, to improve our merchandise security and distribution process excellence.

SIC Division 62: Retail trade, except motor vehicles, motor cycles and fuel: "Burning Issues" for priority in-depth research, highlighted by respondents.

Corporate Governance, Market Strategy & Risk Management

- "Effective market positioning; how to establish and communicate our brand and to build consumer trust and confidence".
- "Buy South African": wholesalers and retailers need to collaborate with local manufacturers and suppliers to promote local products at the right price and quality; but national government also needs to come to the party, with tax incentives and import controls."
- "Customer Centricity in business strategy and processes; how to build a sustainable customer base, especially for emerging small traders".
- Enterprise Financial Governance: better budgeting, integrated reporting and cash flow management skills (especially for SME and Informal traders).
- "Why are so few Wholesalers and Retailers listed among the National Business Awards (Top Performing Companies 2013)?"
- "Noting the growth of SA urbanisation into city-regions, with challenges of spatial planning, how well are corporate retailers and informal traders co-operating, for mutual socio-economic benefit?"
- "Thinking about the King Report on Corporate Governance; and the need for doing business in a sustainable way, how well are Retailers playing their part in socio-economic sustainability?" (Environmental Social Governance SA 2013).

Human Resources, Equity, Skills Development & Labour Relations

- "How best to promote Retailing as an attractive career path?"
- Shortage of retail management skills and employment equity in attracting women for permanent careers, especially in rural areas.
- "Talent management is essential for attracting, developing and retaining scarce W&R skills: linked with youth development/employability goals – a major national challenge, that needs urgent attention and co-ordinated action."
- Consultative Labour Relations and Productivity agreements/incentives for

sustainable company results; “we need to find each other”.

- “There is an urgent need for more effective analysis of knowledge and skills demand and supply, building competence for ‘the Retail Store of the Future.’”

Branch Operations Management

- “The core of a successful retail business; practical management skills training is essential, so that retail operations knowledge is properly applied, on the job.”
- “We should do more ‘mystery shopping’ exercises, to get regular feedback from customers on our merchandise assortment and service standards.”
- “Retail is Detail; the priority need is to identify the critical success factors and performance indicators in W&R operations management,”

Finance: Access, Viability and Sustainability

- Highlighted by the Informal Traders Alliance: “Access to development finance is essential, to facilitate our bulk purchasing, for competitive pricing “;
- “Access to customers in high-traffic areas such as shopping malls; we need partnerships with big business, to develop ourselves”; and

Competitive Procurement, Logistics and Supply Chain optimisation

The ongoing problems of cost-efficient and timely procurement processes, linked with the need for Fair Trade and Job Creation policies, were highlighted by a high proportion of respondents, especially those in apparel and home textile retailing. Speaking on condition of anonymity, for example, the Procurement Director (2013) of a major South African clothing retail chain indicated that the company’s commitment to supplier development and local garment manufacture was too often undermined by a combination of the following factors:

- Rampant import counterfeiting, corruption and criminality, including illegal import documentation and under- invoicing: “SARS and DTI are taking steps to combat these ongoing problems, but much more needs to be done to protect local manufacturers and to promote local employment”.
- Limited production capacity and low production efficiencies in many South African textiles and clothing factories, when ‘speed to market’ is always a key

retail success factor, especially in fashion retailing.

The increase in counterfeit and illicit trade has also been identified by the Consumer Goods Council of South Africa (Pillay 2013) as a major problem, involving significant volumes of seizures of fake goods; and leading to the establishment of a CGCSA industry project task group to investigate and recommend action.

The problem of low production capacity for converting textiles into locally manufactured products for retail sales, is borne out by Barnes (2013), who has researched the *status quo* of the South African textile industry for the Department of Trade and Industry (Strachan 2013); and who has, in the process of an industry ‘mapping exercise’, interacted with several SA clothing retailers and manufacturers.

Non Store, Catalogue and On-line Trading

- “There has been a growth of experienced on-line shoppers in South Africa and most retailers are now able to convert online browsers to shoppers. The big shift that we are seeing is that on-line retailers are now starting to create a different shopping experience.” (Goldstuck 2013).

SIC Division 63: Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel. “Burning Issues” for priority in-depth research, highlighted by respondents:

Corporate and Financial Governance, Strategy & Risk Management

- “With fixed fuel retail prices and the slowing pace of dealer margin increases, fuel profitability is levelling out and decreasing. We need to understand potential changes in legislation, allowing fuel producers to retail fuel for their own account”.

Human Resources Management, Skills Development & Labour Relations

- Better productivity, through management & staff skills development and co-operative labour relations.

Market Positioning & Branding

- “We rely on the oil / fuel companies for Branding and Pricing – so how best do we position ourselves competitively, by our service and convenience?”

INTERNATIONAL: AFRICA

Bar charts (figures 2 and 3, below) of the international priority research problem ratings for each W&R functional area in the Africa and BRICS grouping illustrate their relative respondent weighting.

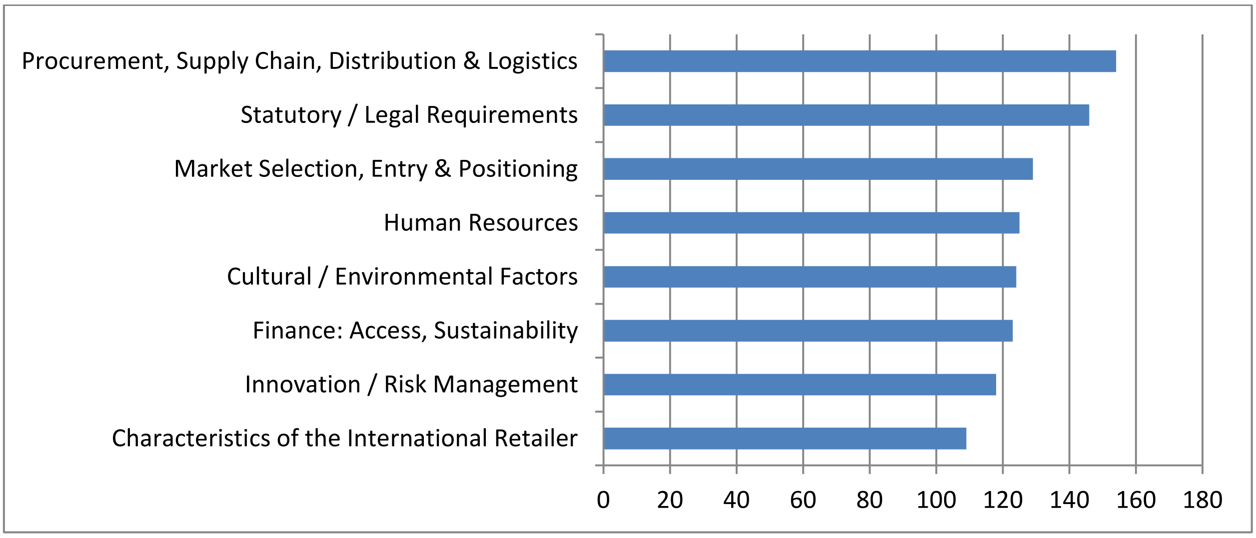

Figure 2: Overall W&R sector survey findings: Africa research priorities

INTERNATIONAL: BRICS COUNTRIES

Figure 3: Overall W&R sector survey findings: BRICS Countries research priorities

"Burning Issues" for high and urgent prioritisation of International (including Africa and BRICS countries) W&R research, as highlighted by survey respondents.

SIC Division 61: Wholesale and Commission trade: "Burning Issues" for priority in-depth research, highlighted by respondents.

Procurement, Supply Chain, Distribution & Logistics

- "How do we get into African markets?" in terms of strategies for trans-national consumer product branding.
- "As an importer and wholesaler, exchange rate fluctuations are beyond our control and increased product prices cannot always be passed on to the retailer and consumer".
- 'No Name' and corporate house brands are being forced onto African consumers, as the balance of power lies with SA retailers".

SIC Division 62: Retail trade, except motor vehicles, motor cycles and fuel:

Procurement, Supply Chain, Distribution & Logistics

- "We need to research and implement best supply chain management practices in our industry, resulting in cost-effective distribution / logistics improvement".
- "China and Brazil governments support their local manufacturers far more than SA, via direct and indirect incentives and measures. How should this be addressed, to promote our local procurement and job creation?"

Statutory / Legal Requirements

- "We need a research service to help SA retailers know other countries' legal procedures and local customs; this is critical for our successful expansion into Africa and interacting in BRICS".

Cultural / Environmental Factors

- "Cultural diversity – we as retailers must better understand the varied and diverse customer base across Africa, if we are to deliver on their needs in a way that is appropriate and adds to the local customer experience."

Market Selection, Entry and Positioning

- Multi-national marketing strategies: "As SA retailers begin or continue to expand into Africa, it's all about timing of entry and establishing a popular brand, to gain market share."

Human Resources

- "Multi-national HR management skills are a priority need, for selection, training and retention of SA and local staff in other African countries".

Innovation and Risk Management

- "Market selection and brand identity is an essential research factor for retail innovation, with concomitant business risks".

Finance

- Credit offerings: this remains an important method to drive international W&R sales – "but at what point will granting credit facilities become detrimental, as the retailer struggles with increased bad debts?"
- "Financial governance assessments and sustainable assistance criteria are urgently needed, to support SA retailers for their expansion into Africa."

Characteristics of the International Retailer

- Continental partnerships are needed across Africa, to develop understanding of local community cultures.
- "Expertise is essential in operational and cost efficiencies, across varying retail models. The need to maximise profit margin within competitive environments, is a challenge to all retail companies in varying international markets".

SIC Division 63: Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel:

Human Resources

- "SA fuel retail expansion into Africa is hindered by our increasing labour costs, which are above inflation, without commensurate increase in productivity".

Innovation and Risk Management

- The 'Green Initiative', forcing development of alternative fuels?
- Hydrogen cell development – what implications for fuel retailers?

Finance

- "Territorial wars in Africa could affect supply and costs of fuel; how can we insure against this possibility? "

Characteristics of the International Retailer

- "We need to define the knowledge and skills needed for excellence and sustainability, in becoming a successful retailer in the rest of Africa.”

CONCLUSION AND RECOMMENDATIONS FOR RESEARCH PRIORITISATION

Retail sector analyst and consultant Parker (2013) pragmatically reflects that “the successful retailer is the one who correctly identifies the key issues, develops strategies to address them, and tactics to accomplish them. This is what drives retail innovation and efficiency and leads entrepreneurs to be bold, experiment, and take risks. Take all that away and you’ll have a moribund market that simply feeds on itself and goes nowhere. The greatest incentive for retail entrepreneurship is the opportunity to make profits. The more that is undermined, the fewer retail entrepreneurs we will have”.

Noting this ‘reality check’, the survey report strongly recommended that the CPUT W&R Leadership Chair categorisation and prioritisation of findings for research topics should be facilitated in professional consultation with seasoned W&R business stakeholders, representative member organisations, mandated labour union representatives and relevant government agencies; towards the forming of partnerships around research topics which focus on promotion of the socio-economic principles and objectives of South Africa’s National Skills Development Strategy lll and the National Development Plan: Vision 2030.

Collaborative Stakeholder Research Network

Purposeful review and analysis of the stakeholder responses and research priority needs perceptions, grouped within defined W&R functional areas, underscores the conclusion that the Wholesale and Retail Research Leadership Chair at CPUT will add value by facilitating a ‘collaborative network’ of sector thought leaders, towards developing an effective research strategy and programme.

Given the multi-faceted nature of the identified W&R sector problems and opportunities, the envisaged collaborative network will need to include a core of mandated representatives from the W&R SETA, sector trade associations, government agencies and organised labour. Additional expertise, experience or insights could be co-opted when necessary, for specialised research topics.

Recommended 'Top Ten Researchable Topics'

With a view to expediting the shared vision and development of the W&R 'collaborative network', it is recommended that these 'Top Ten Researchable Topics' will facilitate a strategic focus on key issues which have emerged from this Survey:

- Analyse and evaluate strategic information on priority aspects required by the W&R SETA for effective updates of the W&R Sector Skills Plan.
- Explore Talent Management as a tool for attracting, developing and retaining scarce W&R skills, linked with youth development and employability goals.
- What corporate strategies, governance and risk mitigation action steps should South African wholesalers and retailers promote, in support of National Development Plan: Vision 2030 objectives?
- Define and explore Logistics Challenges and Risks for Wholesale and Retail ventures in Africa and BRICS Countries.
- Evaluate 'Customer Centricity' in South African retail business strategy and processes; define how to build a sustainable customer base, especially for emerging retailers and small traders.
- Towards sustainable Financial Governance: better budgeting, integrated reporting and cash flow management skills especially for SME and Informal traders in rural and urban South Africa
- Analyse and evaluate Shrinkage and Loss Control strategies in high-performance retail and wholesale businesses.
- Analyse, define and evaluate Technology Trends and challenges for 21st Century Retail Managers, in South Africa and Africa.
- Explore and propose optimal Tenant Mix Models for Shopping Centres, in a transforming South Africa, towards achievement of National Development Plan: Vision 2030 objectives.
- Analyse and evaluate the opportunities, problems and potential risks for South African wholesalers and retailers, in E-Retailing, E-Tailing, and E-Commerce.

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