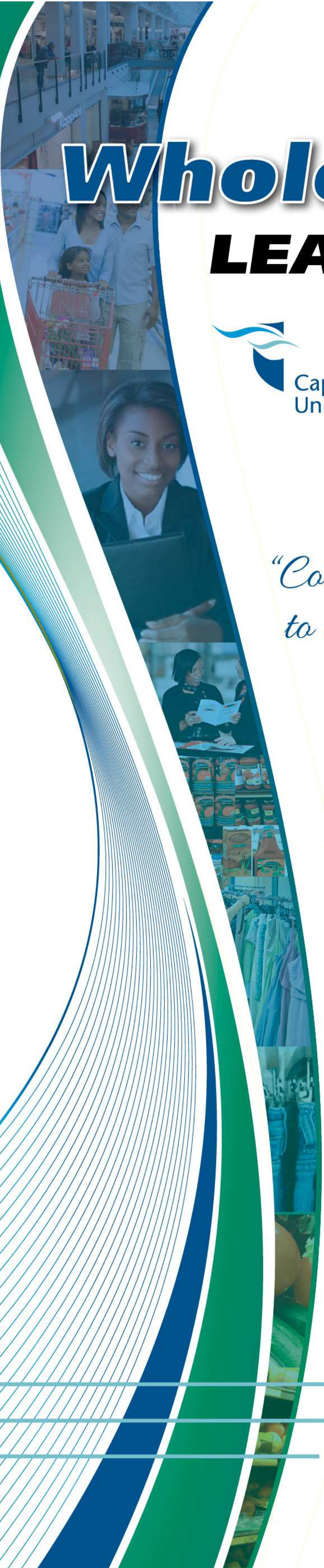

Wholesale&Retail LEADERSHIP CHAIR

Cape Peninsula University of Technology

W&RSETA
WHOLESALE AND RETAIL SETA
Skills Development for Economic Growth

"Collaboration opens the window to a world of opportunities."

Priority research needs of the South African Wholesale and Retail Sector

Report: Project 13/01
June 2013

APPLIED RESEARCH
LEADERSHIP DEVELOPMENT
SERVICE TO RETAIL COMMUNITY

PRIORITY RESEARCH NEEDS IN THE SOUTH AFRICAN WHOLESALE AND RETAIL SECTOR

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CONTENTS

1. PROJECT TITLE

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

2. INTRODUCTION

The Wholesale and Retail Leadership Chair at CPUT was established as a result of the Wholesale & Retail Sector Education and Training Authority's initiative to contribute towards research and qualifications development at Higher Education levels (NQF 5-10). The main objective of the W&R Leadership Chair is to contribute substantially to professionalism in the sector, including the development of distinguished scholarship, the promotion of innovation and reputable, internationally competitive research.

The Wholesale &Retail Leadership Chair at CPUT is the first of its kind in Africa. The establishment of the Chair brings South Africa in line with developments in the USA, Europe and Australia, where retail research centres have been established at leading universities to meet the growing needs for dedicated research and highly qualified retail practitioners. The main task of the W & R Chair will be to generate high quality, industry-relevant research; and to assist with the output of highly qualified retail practitioners.

This report, entitled 'Priority Research Needs of the South African Wholesale and Retail Sector', marks the first step taken by the Retail Chair to establish a well-informed basis for future research. The survey provides an overview of the most significant research requirements within the South African Wholesale and Retail sector, nationally and internationally. The survey seeks to prioritise strategic and operational W&R sector research topics, within the broad framework of South Africa's National Skills Development Strategy lll, National Development Plan: Vision 2030; and the W & R SETA vision, mission and objectives. It is hoped that this survey report will assist researchers from all over South Africa to address the issues identified by the W&R industry. Some of the major topics will be contracted out to leading researchers, while others may be utilised as topics for Masters and Doctoral studies. Researchers wishing to get involved in the programme are welcome to contact the Retail Chair.

Prof. J.N. Steyn
Retail Chair

3. EXECUTIVE SUMMARY

Recognising that the Wholesale and Retail (W&R) sector of the South African economy is a major employer, subject to the volatility of national and global socio-economic conditions and cyclical changes, this project has aimed to survey and identify the most strategically relevant and operationally 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 action research interview perceptions of thought leaders in retail-related education, government agencies, business consulting, labour union and trade association spheres.

The guiding principles and strategic frameworks of South Africa's current National Skills Development Strategy (NSDS lll) and National Development Plan (NDP) Vision 2030 provide an important context for this priority 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 and developing across the African continent and collaborating with the emerging Brazil, Russia, India, China, South Africa (BRICS) group of countries.

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 W&R 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.

Analysis of the completed survey questionnaires, including respondent prioritisation of potential research topics, has been complemented by well-informed inputs from a thought-provoking CPUT Retail Seminar, W&R Sector Skills Plan provincial forums, dialogic research interviews (face to face and telephonic) with W&R sector stakeholders, government agencies and business associations; as well as by a scan of contemporary international W&R literature. All of these inputs and interactions have served to identify a range of recommended research problem topics, appropriate to the mission of the National Skills Development Strategy lll and the various National Qualifications Framework levels of complexity within the University's mandate for professional education and knowledge generation.

Based on the identified key research problem priority findings, it is therefore recommended that the Wholesale and Retail Research Leadership Chair at CPUT makes this survey report and recommendations available to W&R sector stakeholders and thought leaders, including the W&R SETA Board, relevant government departments and economic development agencies, for their critical comment and strategic debate; in order to build a meaningful 'collaborative network' with W&R sector partners who are supportive of promoting in-depth research, knowledge sharing, professional education and socio-economic developmental outcomes, aligned with the principles and objectives of the National Skills Development Strategy lll and National Development Plan: Vision 2030.

4. PROJECT CONTEXT AND SCOPE

4.1 National Skills Development Strategy lll (NSDS lll)

The Cape Peninsula University of Technology's mandate as a public higher education institution is derived from the National Skills Development Strategy lll (Republic of South Africa 2011), which is the Department of Higher Education and Training's overarching strategic guiding policy. The NSDS lll document sets out the linkages with and responsibilities of education and training stakeholders; including those of professional, vocational, technical and academic learning (2011:8).

4.2 National Development Plan: Vision 2030 (NDP)

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 2013), 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 contacted for this survey (Altman 2013) commented that "although the broad 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 following NDP objectives:

- **NDP Chapter 3: Economy and Employment**
  - The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020; and to 6 percent by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million.
  - Broaden ownership of assets to historically disadvantaged groups.
  - Remove the most pressing constraints on growth, investment and job creation, including energy generation and distribution, urban planning etc.
  - Position South Africa to attract offshore business services, and build on the advantage provided by its telecommunications, banking and retail firms operating in other countries.
  - Offer a tax incentive to employers to reduce the cost of hiring labour market entrants. Facilitate agreement with employers and unions on entry-level wages.
  - Strengthen dispute resolution mechanisms in the labour market, with a view to reducing tension and violence.

- **NDP Chapter 7: South Africa in the Region and the World**
  - Intra-regional trade in Southern Africa should increase from 7 percent of current SA trade to 25 percent of trade by 2030.
  - South Africa's trade with African regional neighbours should increase from 15 percent of our trade to 30 percent.
  - Focus trade penetration and diplomatic presence in fast-growing markets (Asia, Brazil and Africa).

- Implement a focused SADC regional integration strategy with emphasis on:
  - Road, rail and port infrastructure in the region
  - Reducing red tape, corruption and delays at border posts
  - Using financial institutions to partner with businesses wanting to expand on the continent
  - Identifying and promoting practical opportunities for co-operation, based on complementary national endowments.

An analysis commissioned by the Department of Trade and Industry (NALEDI 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). The wide gap in South African income and consumption distribution, as measured by the Gini Coefficient (United Nations Development Program 2012) is a factor which limits potential growth of retail sales and employment, given the limited middle class purchasing power, relative to the total population.

Wholesale and Retail in South Africa is regarded as a significant sector of the economy and a major employer. Statistically, according to the W&R SETA website (www.wrseta.org.za), it is a sector which is more volatile, with respect to cyclical changes and global economic conditions, than are many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP) with a contribution of about 15% and employs about 22% of the total active workforce of the country. Statistics South Africa Quarterly Employment Statistics for September 2011 reported an annual increase of 1% (StatsSA 2011), although COSATU analyst Coleman (2012) and SACCAWU officials (Kotze & Gumede 2013) have expressed doubt regarding the accuracy and reliability of the StatsSA 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 Wholesale & Retail 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 is made up of small enterprises, compared with 9.5% medium and 4.5% large corporate enterprises.

The W&R SETA Sector Skills Plan (2011:5) also states that only 65% of businesses in the W&R sector are formally registered; there are over 100 000 informal traders ('spaza shops') 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 small, medium and micro-retail traders (Charles 2013) and their future job creation potential, within the objectives of the National Development Plan: Vision 2030.

In framing this 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), national legislation impacting on supply chain and distribution logistics (Republic of South Africa 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), social and racial inequality within organisations (Morton and Blair 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 (South African Retail Council in Consumer Goods Council of South Africa undated; Pillay 2013; Mowzer 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; Fourie 2013; Gabriels 2013; Western Cape Economic Development Partnership 2013; Gordon & Tshabangu 2013).

Contemporary sources of particular South African W&R relevance towards informing this Survey Report insights and recommendations include *inter alia*:

4.3.1 Bureau for Economic Research / Ernst & Young Retail Survey: (BER 2013)

The executive summary of the BER Quarter 1 2013 Retail Survey Report indicates that the Consumer Confidence Index (CCI) declined from -3 index points in 2012 Q4, to -7 in 2013 Q1. The executive summary comments that "this slump in consumer sentiment corresponds with the deterioration in the business confidence levels of SA retailers. Difficult trading conditions in the semi-durable and non-durable goods categories in particular, weighed on aggregate performance. Looking ahead, 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).

4.3.2 South African Retail and Consumer Products Outlook 2012-2016 (PriceWaterhouseCoopers 2012)

This wide-ranging sectoral review and outlook provides thought-provoking reading; and was reinforced by an insightful discussion with one of the Outlook authors, who commented that retailer 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).

4.3.3 Business Monitor International: South African Retail Report 2013 (BMI 2013a) and Business Monitor International: South Africa Freight Transport Market Report 2013-2017 (BMI 2013b).

These comprehensive reports, part of an international series of country retail sector and freight transport reviews, analyse the growth and risk management strategies being employed by the leading players in the South African retail sector, as they seek to maximise the growth opportunities offered. South Africa comes first (out of seven) in BMI's Middle East and Africa Retail Risk/Rewards Ratings, although it is seen to be underperforming for Risk.

Among all retail categories, mass grocery retail (MGR) is predicted to be the outperformer between 2013 and 2017 in growth terms, with sales forecast to increase by 46.5%. The BMI South African Retail Report remains fairly 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 fairly well, investment is likely to suffer, because of elevated political risk.

4.3.4 National Creditor Regulator: Literature Review on small and medium enterprises' access to credit and support in South Africa: (NCR 2011).

This insightful review prepared for the National Credit Regulator (www.ncr.org.za) highlights the importance of small and medium enterprises (SMEs), including wholesalers and retailers, in the South African economy.

The NCR Review identifies the demand for 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?" (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 2013), the National Small Business Chamber

(Gouws 2013); and the Western Cape Informal Traders Coalition (Müller 2013).

4.3.5 Retail Association Labour Conference, May 2013

According to the Director of the Retail Association, "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, new capabilities are required. 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" (Cohen 2013).

4.3.6 African Economic Outlook 2013: Structural Transformation and Natural Resources (Organisation for Economic Co-operation and Development 2013):

The OECD annual review, published in collaboration with the African Development Bank and the United Nations Economic Commission for Africa, monitors in detail the economic performance of 53 countries on the continent, using a strictly comparable analytical framework. The OECD report also features an overview of Africa's economic performance and prospects, country notes and a rich statistical annex. In conjunction with a Harvard Business Review analysis of 'Cracking the Next Growth Market: Africa' (Chironga, Leke, Lund & Van Wamelen 2011), which defines four types of economic development in African countries, these two sources will assist South African wholesalers and retailers to analyse and assess the diversity of economies, potential growth opportunities and business risks on the continent.

4.3.7 Inequality and Economic Marginalisation: How the Structure of the Economy impacts on opportunities on the Margins (Philip 2010).

This thought-provoking paper 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). The paper 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. The emphasis in the EDD New Growth Path policy, approved by the national cabinet in November 2010, places issues of (wholesale and retail) distribution more clearly on the agenda than they have previously been; and states that the Competition Commission is tackling collusion and the negative employment consequences of South Africa's highly centralised core economy. The paper concludes by considering what this analysis means for South African retail and other business sector development strategies, targeting the unemployed and those eking out survivalist incomes.

4.3.8 Current Parliamentary Committee Governance Reviews and Debates (Parliamentary Monitoring Group 2013a; 2013b; 2013c) were studied, in order to gain insights into strategic plans and departmental progress reports of Economic Development, Labour and Statistics South Africa; seeking policy information relevant to the researchable problems and opportunities within the W&R sector.

4.3.9 The New Science of Retailing: How Analytics are Transforming the Supply Chain and Improving Performance (Raman & Fisher 2010).

This ground-breaking book 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, through the African continent and beyond. 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).

4.3.10 Clusters of Entrepreneurship and Innovation (Chatterji, Glaeser & Kerr 2013). This recent Harvard Business School Working Paper points to a co-operative regional methodology for generating and sustaining small retail business entrepreneurship and innovation; potentially vital elements in the ongoing promotion and support of emergent W&R businesses in South Africa. Entrepreneurship development was also one of the five core themes adopted by the Western Cape Premier's Council on Skills seminar, in February 2013 (Walters 2013).

4.4 Statistics SA: Standard Industrial Classification (SIC) Divisions and Categories

Statistics South Africa (De Beer 2013) has a number of datasets that relate to the South African trade sector. This government agency produces regular statistics on Consumer

Price Index (CPI) trends; and financial and employment information of the economy according to standard industry classification, including the contribution to Gross Domestic Product of the wholesale and retail sector.

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

Division	Major group	Title of category
		MAJOR DIVISION 6: WHOLESALE AND RETAIL TRADE
61		**Wholesale and commission trade, except of motor vehicles and motor cycles**
	611	Wholesale trade on a fee or contract basis
	612	Wholesale trade in agricultural raw materials, livestock, food, beverages and tobacco
	613	Wholesale trade in household goods
	614	Wholesale trade in non-agricultural intermediate products, waste and scrap
	615	Wholesale trade in machinery, equipment and supplies
	619	Other wholesale trade
62		**Retail trade, except of motor vehicles and motor cycles; repair of personal household goods**
	621	Non- specialised retail trade in stores
	622	Retail trade in food, beverages and tobacco in specialised stores
	623	Other retail trade in new goods in specialised stores
	624	Retail trade in second-hand goods in stores
	625	Retail trade not in stores

	626	Repair of personal and household goods
63		**Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel**
	631	Sale of motor vehicles
	632	Maintenance and repair of motor vehicles
	633	Sale of motor vehicle parts and accessories
	634	Sale, maintenance and repair of motor cycles and related parts and accessories
	635	Retail sale of automotive fuel

5. SURVEY METHODOLOGY AND PROCESS

5.1 A broadly representative sample of Wholesale & Retail sector businesses, trade associations, labour unions and potentially relevant government agencies was contacted, in order to gain these stakeholders' and thought leaders' perceptions of and insights into W&R sector strategic and operational research problems and needs for policy review within South Africa (Nyar 2012; Makgetla 2013; Mowzer 2013; Strachan 2013; Fourie 2013; Walters 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).

5.2 The survey sample included an indicatively representative range of South African Wholesale & Retail sector businesses, using contact points provided by regional management of the W&R SETA, augmented by the researcher's national W&R sector network of organised business, labour, academic and government stakeholders.

Survey questionnaire and dialogic interview contacts are summarised as follows:

- SIC Division 61: Wholesale trade: 29, of which 8 completed questionnaires.
- SIC Division 62: Retail trade, except motor vehicles and fuel: 107, of which 40 completed questionnaires.
- SIC Division 63: Retail trade in motor vehicles and fuel: 17, of which 8 completed questionnaires.
- Business Trade Associations: 15, of which 5 completed questionnaires.

- Trade Unions: 2, of which 2 completed questionnaires.
- Government departments and agencies: 15, of which 0 completed questionnaires.
- Academic Institutions: 3, of which 2 completed questionnaires.
- Consultants in the W&R sector: 6, of which 0 completed questionnaires.
- W&R SETA management: 12, of which 1 completed questionnaire.

Total number of survey contacts: 206, of which 66 questionnaires were completed.

(See Appendix A: full contact list, grouped within the three major W&R SIC Divisions and provinces.)

5.3 The survey questionnaire (see Appendix B) was designed to identify key W&R strategic and / or operational problems inside South Africa, within a matrix of the three major Wholesale & Retail SIC Divisions identified above 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

A simplified list of generic functional areas was defined for surveying W&R sector perceptions of international research opportunities and problems, in interacting across Africa and with BRICS countries.

5.4 The researcher also participated in a CPUT Retail Seminar focussing on sector research problems and opportunities held on 30 May 2013; and noted 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 Retail Seminar and W&R SETA SSP stakeholder forum inputs are incorporated into this Survey Report, towards formulation of a representative perspective of priority research problem topics.

6. SURVEY OUTCOMES AND DELIVERABLES

6.1 Based on the stakeholder national interactions and survey questionnaire responses within the abovementioned functional areas, and supplemented by CPUT Seminar and W&R SETA Sector Skills Plan forum debates, this Survey report is submitted for consideration by the Retail Chair. This report identifies and seeks to prioritise key research requirements of the South African Wholesale & Retail sector, as defined by a range of respondents across all provinces, from within the three major W&R SIC divisions; as well as from relevant government agencies, representatives of organised labour, business associations and suppliers to the clothing retail trade (Baard 2013).

The survey respondent outcomes are complemented by pragmatic and experienced inputs and observations (below) from participants in a CPUT Retail Seminar held in Cape Town; and by W&R learning and development practitioners' analysis of scarce and critical skills in the sector, as part of the annual W&R SETA Sector Skills Planning process.

7. 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 on 30 May 2013, several significant observations were made and potentially meaningful W&R research needs were identified in the various presentations, summarised below.

7.1 Setting the Seminar Scene

In setting the seminar scene, the CPUT Interim Retail Chair (Steyn 2013) highlighted that the establishment of the W&R Leadership Chair was intended to contribute substantially to the development of professionalism in the industry, especially towards Research and Qualifications development at higher levels, especially National Qualifications Framework (NQF) levels 5-10.

- The **vision** of the Chair is to be a wholesale and retail research and academic centre of international standing.
- The **mission** of the Chair is to produce world class applied research as well as higher level graduates equipped with knowledge and skills relevant to the wholesale and retail sector.
- Main **objectives** of the Chair are as follows:
  - To generate industry- relevant research of the highest quality.
  - To assist with the output of highly qualified retail practitioners.
  - To organise and contribute at national and international retail conferences and seminars.
  - To network with other academic and research institutions, locally and abroad.
  - To publish in accredited journals.

7.2 Research Needs from an Africa perspective

Thought-provoking information and well-informed perspectives on Retail in Africa 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 ; *inter alia:*

7.2.1 Africa Overview

The Retail market size in Africa is significant and growing; consumer spending is estimated to grow to US$1,4 trillion by 2020 and households with disposable income will number 128 million. Seven African economies are currently among the fastest growing in the world; Nigeria is “one shopping centre”, with a population of 165 million people; Ghana has a retail centre area of 70 000 square metres and cities such as Lusaka (80 000 sq m) and Nairobi (50 000 sq m) reflect high density retail growth. Within these continental opportunities, however, potential retail developers need to be well-informed on the variables, elsewhere in Africa.

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. Business environmental factors which South African retailers considering expansion across the continent need to research and evaluate, should include:

7.2.2 *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. Experience has shown that successful market entry is more likely in Anglophone countries, such as Ghana, Nigeria and Tanzania.

A related factor is that of consumer familiarity with FMCG brand names; brands well-known in South Africa (such as Koo and All Gold) are not necessarily familiar elsewhere on the continent. In several North African countries, market suppliers and brands from Europe are well-entrenched and trusted.

7.2.3 *Property Development Issues*

Investing in property, for retail space or for expatriate management housing, can be fraught with caveats and challenges in some African countries.

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 which needs to be payable yearly in advance, must be rigorously researched, in the market assessment and entry processes.

7.2.4 *Procurement & Supply Chain Logistics*

The typical W&R 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 into other African countries.

Market preferences for products from South Africa, Asia or Europe differ; stock security, continuity and contingency plans must take into account the competence, reliability and possible corruption factors inherent in the various regional rail, road or port logistics systems.

7.2.5 *Retail Management Availability, Skills Development and Retention*

Clearly, 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 the regional market.

Apart from the potential language and culture barriers, the difficulty of obtaining work permits and the costs of importing and retaining expatriate management, need to be compared with the cost-benefits of recruitment and skills development of local citizens.

7.2.6 Corruption and Legal Protection Problems

Significant variances in legal values, systems, governance processes and practices are a reality, across the 55 recognised states in Africa. Political affiliations, varying 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'.

7.3 Research Needs from a BRICS member country perspective

Key points from a policy presentation made by the Minister of Trade and Industry (Davies 2013) in Cape Town on 24 April 2013, regarding South Africa's approach to and role in the recently-formed Brazil-Russia-India -China-South Africa (BRICS) group of developing countries, were highlighted in the CPUT Seminar. Although national wholesale and retail sector strategies do not feature specifically 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.

7.3.1 The Global Context

- Global economy is undergoing a relative shift in economic power, from North to South and from West to East.
- 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".
- Advanced economies are projected to grow only 1.2% in 2013, compared to 5.3% for emerging and developing economies as a group; and 5.6% for Sub-Saharan Africa.
- BRICS will account for 61% of global economic annual growth by 2014.
- Developing countries' share of world trade will double over the next 40 years, to 69%

by 2050…

- Hence the strategic importance of strengthening South-South trade, investment and development cooperation.

7.3.2 SA-BRICS Trade

- While South Africa's traditional developed country partners remain important, we need to diversify and strengthen our economic links with emerging economies.
- Decline of the EU in SA total trade, from 35.7% (2005) to 25% (2012).
- USA – SA total trade has declined from 8.6% (2005) to 8% (2012).
- Steady growth of BRIC in SA total trade, from 10% (2005) to 19% (2012).
- Challenges for SA Trade and Industry:
  - SA trade deficit exists with each of the BRIC countries, although the deficits are declining, especially with China.
  - Pattern of trade between SA and China is unsustainable: commodities for high manufactures, hence SA is prioritising top 10 value-added products to China.

7.3.3 South Africa's BRICS Membership Strategy

- Strengthen trade, investment and other economic linkages with the world's fastest growing and most dynamic economies.
- Platform to address challenges arising from the rapid growth in intra-BRICS trade (e.g. Joint Study in 2013 to promote more value-added exports).
- Championing a new paradigm for equitable development that focuses on mutually-beneficial complementary trade, not destructive competition.
- Multilateral coordination in World Trade Organisation Doha Round and other fora where trade and investment matters arise.
- Advancing support for Africa's development agenda (especially regional integration, industrial capacity and infrastructure development).

7.3.4 BRICS Business Council

- The BRICS Business Council was established at 5th BRICS Summit in Durban.
- 25 nominated members in total; comprising 5 from each country.
- Constitutes a platform to strengthen and promote economic, trade, business ties amongst BRICS countries.
- Proposed areas of cooperation: Infrastructure, Mining and Minerals Beneficiation, Pharmaceuticals, Agro-processing, Services including Financial, ICT and Tourism, Manufacturing Development, SME Development, Sustainable Development, Skills

Development and the transfer of Technology.

7.3.5 Other Areas of South Africa – BRICS Co-operation mechanisms

- BRICS Trade and Development Risk Pool
- BRICS Marine Cable
- Settlement of trade in own currencies
- BRICS-led Development Bank
- BRICS SME co-operation
- BRICS Co-operative Leaders' Meeting

7.4 Research Needs from the National W&R SETA perspective

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

7.4.1 W&R SETA Research Unit

- Develop and implement research agenda for the W&R sector
- Source providers to undertake research assignments
- Monitor execution of research assignments
- Develop updated Sector Skills Plan
- Undertake Job Opportunity Index
- Commission Impact Assessment studies on completed projects
- Develop and Review research policy
- Establish research partnerships and collaboration
- Subscribe to various identified research institutions.

7.4.2 Research Implementation Strategy

- International Leadership Development Programme
- Retail Leadership Chair
- Bursaries for Masters and Doctoral studies
- Partnership and collaborations with relevant research institutions/organisations.

7.4.3 W&R SETA Research Priorities

- Sector Skills Plan (SSP) update
- Monitoring and Evaluation (of SETA programme outcomes and impact)
- Impact Assessment studies
- E- learning (skills & implementation)
- Co-operatives and SMME sector research
- Skills Audit
- Establishment of assessment centres
- Economic impact of Wholesale & Retail sector into the South African Economy
- Media visibility & perception of SA Retail Corporations in selected Anglophone African markets and implications for research and skills development.

7.5 Needs from a Western Cape W&R SETA perspective

The W&R SETA Western Cape provincial manager (Van der Westhuizen 2013) highlighted five priority areas of professional research which are, from her perspective, necessary for pragmatic progress in the sector:

7.5.1 Cost-effectiveness of the Skills Development Act, 97 0f 1998

To what extent has the Skills Development Act (as amended), related strategies and regulations, achieved beneficial outcomes and impact in the W&R sector?

7.5.2 Regulatory Framework

Given the Western Cape Government's stated policy of "Red Tape to Red Carpet" (reducing unnecessary bureaucratic regulations, to promote ease of entry and business sustainability), what amendments need to be made in the Regulatory Framework for the W&R sector?

7.5.3 Informal Trading

What models of W&R informal trading will work best in South Africa, in order to optimise retail SME skills development, promote sustainable business growth and job creation?

7.5.4 FET Colleges and W&R Business Synergy

How best to design and implement synergies between FET Colleges and the W&R sector, in terms of Workplace Experience, Successful Tracking and Exit Strategies?

7.5.5 *Work Readiness Programmes*

Which best models and practices for Work Readiness Programmes should be promoted, in the W&R sector?

7.6 Research Needs from a CPUT Retail Lecturer and Student perspective

In parallel with the national W&R Research Priority Needs Survey conducted with sector management and stakeholders, CPUT Retail Department lecturer and student research priority perspectives were summarised in a seminar presentation (Venter 2013), which is detailed in Appendix C.

Within a framework of functional areas similar to that used in the W&R industry survey, as defined in Chapter 5 above, the CPUT Retail Departmental presentation identified the following suggested research topics and high priority ratings, with a highest priority of 5:

7.6.1 *Corporate Governance, Strategy and Risk Management*

- Franchising versus Self-owned Retail Businesses in South Africa, Africa and BRICS countries (Rating 4)
- Franchising Opportunities within Chain Store Operations (Rating 4)

7.6.2 *Marketing, Sales Promotion and Public/ Stakeholder relations*

- The Potential and Risks of Social Media as a Retail Marketing Strategy (Rating 5)
- Logistic Challenges for Retail Ventures in Africa and BRICS Countries (Rating 5)
- Private Labelling options for Retailers (Rating 4)
- Customer Satisfaction and Service in Retailing (Rating 4)
- Impact of the Consumer Protection Act on the Retail Supply Chain (Rating 4)
- Community Satisfaction with Community Engagement of Franchise versus Chain Store Operations (Rating 4)

7.6.3 *Procurement, Supply Chain and Distribution logistics*

- Management of Dead Stock (Rating 4)
- Development of Local Suppliers versus Import of Products (Rating 3)

7.6.4 *Branch Operations Management, Systems and Technology*

- Technology Trends for Retail Managers (Rating 3)
- Dashboard Business Intelligence for Retailers (Rating 3)

7.6.5 *Finance: Access, Viability & Sustainability*

- Access to Finance by SMME Retailers and Informal Traders (Rating 5)

- Financial Performance Indicators for various Retail Businesses (Rating 4)
- Financing Mix for Small Township Retailers to ensure Sustainability (Rating 4)
- Rising Cost Trends of Retailers (Rating 3)

7.6.6 In-Store Production and Quality Assurance

- In-store Production Processes in Retail (Rating 3)
- Quality Assurance of In-store Retail Production (Rating 4)

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

- Training Needs of SA Retailers (Rating 5)
- Identification of Scarce and Critical Skills in Retail (Rating 5)
- Job Creation Strategies in Retail Business (Rating 5)
- Appropriate Retail Training for SMME Retailers (Rating 4)

7.6.8 Safety, Security, Waste Management & Loss Control

- Shrinkage and Loss Control in Retail Businesses (Rating 5)
- Outsourcing Models of Housekeeping and Security Functions for Retail Business (Rating 4)
- Xenophobia attacks on International Retailers in Local Communities (Rating 4)

7.6.9 Premises and Asset Management

- Optimal Tenant Mix Models for Shopping Centres (Rating 3)

7.6.10 Development Projects & New Ventures

- Risks of Business Ventures into Africa (Rating 5)
- Retail Opportunities as a result of the BRICS Agreement (Rating 5)

7.6.11 Formal / Informal W&R Challenges & Opportunities.

- Impact of Chinese Retailers on Rural Retailers (Rating 4)

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

- E-Retailing, E-Tailing, E-Commerce in Retail (Rating 5)

8. W&R SETA SECTOR SKILLS PLANS: SCARCE AND CRITICAL PRIORITIES

Provincial W&R SETA Sector Skills Plan (SSP) 2013-14 annual update forums were facilitated during June 2013 by the W&R SETA Chief Officer: Qualifications and Research (Sipengane 2013b). The following paragraphs highlight key factors and W&R SSP stakeholder opinions and perspectives which are potentially relevant to the deliverables of this CPUT Priority Research Needs Survey.

8.1 Significance of the W&R SETA Sector Skills Plan.

The annual W&R Sector Skills Plan document is the strategic document which informs and guides the SETA strategy development in undertaking its mandate. It includes the following strategic components and focus areas, within the updated National Skills Development Strategy lll (Republic of South Africa 2011; Pampallis 2012):

- Profile of the sector
- Change drivers in the economy and the sector
- Supply and Demand for skills in the sector
- Scarce and critical skills
- W&R SETA Strategy

8.1.2 Skills Development Focus Areas

- Artisan & Technical Skills Development
- Further Education & Training (FET) and Higher Education & Training (HET) Skills Development initiatives
- Work Integrated Learning (WIL)
- Rural Development
- Governance
- Collaboration and partnerships
- Small business development; Co-operatives and NGO support

8.2 W&R SETA Provincial Sector Skills Plan Annual Update Forums

A core mandate of Sector Education and Training Authorities, in terms of the Skills Development Act (Republic of South Africa 1998), is to develop a credible and properly researched Sector Skills Plan and to ensure that SETA skills development interventions translate into real opportunities for all South Africans. The Department of Higher Education and Training (DHET) requires that all SETAs update their SSPs annually, to reflect changes in the sector profile, drivers of change, skills demand and supply, scarce and critical skills in that sector (W&R SETA 2011).

During the W&R SETA process of SSP 2013-14 stakeholder forum consultations towards updated identification of regional and national scarce and critical skills development needs in the sector, forum participants indicated that 2012-13 had been the first SSP that provincial 'top ten' scarce skills lists had been compiled, which was a significant step forward (Sipengane 2013a; W&R SETA 2011: 12-14). Nonetheless, several stakeholders expressed concerns regarding the reliability and accuracy 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 W&R SETA Qualifications Management Body (QMB), Skills Output needs from Further Education and Training (FET) Colleges and Higher Education Institutions (HEIs); as well as for recognition of competent W&R education and training service providers.

Sector Skills Plan update 2013-14 stakeholder forum observations and interactions in high-density provinces (Western Cape, Gauteng and KwaZulu-Natal) indicated a diverse range of perceptions of priority competence development needs and evaluations, for noting in this Research Needs Survey, including:

- A need for 'work readiness' definition of specific retail skills, to monitor competence
- Retail Human Resource Management Skills in developing organisational Change Management programmes
- Effective supervisory skills needed from NQF level 3 , with career progression criteria
- Management and Shop Steward training in the complexities of effective labour relations and dispute resolution
- E-learning and Blended learning : an objective assessment of the value-add / motivational cost-effectiveness in the W&R Sector
- Evaluation of the practicality and effectiveness of Memoranda of Understanding between SETAs
- The need for a tracking system for certificated learners (both employed and unemployed), to monitor their employability and career development
- Workplace retail knowledge and skills exposure for FET and HET lecturers
- Evaluation of the representativeness and effectiveness of the W&R SETA Qualifications Management Body
- Evaluation of the W&R challenges and opportunities of the Consumer Protection Act
- Effectiveness of W&R environmental policies and strategies (including Green

Procurement, Waste Management and Recycling).

9. FINDINGS: KEY WHOLESALE & RETAIL RESEARCH PROBLEM TOPICS

The key responses elicited by the Survey questionnaire, stakeholder and thought-leader dialogic interviews, CPUT Retail Seminar and W&R SETA Sector Skills Plan update 2013-14 forums will now be summarised, within a matrix of the functional areas and major SIC Divisions for research problem topic analysis and prioritisation, as listed above.

The aggregated numbers of survey respondents' priority ratings of the functional areas and their weighted importance are depicted nationally for the W&R sector overall; and also within the three major SIC Divisions, in order to highlight sector-wide and SIC division-specific research problem themes, for priority consideration and project planning by the CPUT Wholesale and Retail Research Leadership Chair.

Significant 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.

9.1 National: Overall W&R sector survey findings: perceived research priorities

Aggregate priority research problem issues: Matrix of respondent weightings within 12 defined W&R functional areas and 3 major SIC Divisions, indicating priority functional areas (1 to 12) and weighted priority scores (totals in brackets), for the W&R sector overall; and by major SIC Division. Below the matrix, a bar chart of the total weighted priority scores for each functional area graphically illustrates their relative respondent prioritisation.

'Burning Issues' named by respondents in each of the three W&R SIC divisions for most urgent research attention, are listed after the matrix and bar chart of priority ratings.

Functional Areas	Overall Respondent Priority Ratings	SIC Division 61: Wholesale	SIC Division 62: Retail - General	SIC Division 63: Retail – Motor & Fuel
1.	Corporate Governance, Strategy & Risk Management			
	1 (818)	1 (105)	1 (586)	1 (127)

Functional Areas	Overall Respondent Priority Ratings	SIC Division 61: Wholesale	SIC Division 62: Retail - General	SIC Division 63: Retail – Motor & Fuel
2.	Marketing, Sales Promotion & Public Relations			
	3 (698)	3 (90)	3 (497)	4 (111)
3.	Procurement, Supply Chain & Distribution Logistics			
	8 (448)	8 (51)	8 (356)	9 (56)
4.	Branch Operations, Systems & Technology			
	6 (552)	5 (72)	6 (399)	7 (81)
5.	Finance: Access, Viability & Sustainability			
	4 (637)	4 (84)	4 (436)	2 (117)
6.	In Store Production & Quality Assurance			
	10 (322)	10 (34)	10 (241)	11 (47)
7.	Human Resources: Talent Management, Skills Development, Labour Relations			
	2 (812)	2 (103)	2 (586)	2 (123)
8.	Safety, Security, Waste Management & Loss Control			
	5 (574)	6 (67)	5 (416)	5 (91)
9.	Premises & Asset Management			
	11 (290)	11 (33)	11 (207)	10 (50)
10.	Development Projects & New Ventures			
	7 (518)	7 (66)	7 (368)	6 (84)
11.	Formal / Informal W&R Challenges & Opportunities			
	9 (378)	9 (39)	9 (282)	8 (57)
12.	Non-Store, Catalogue & On-line Trading			
	12 (221)	12 (26)	12 (167)	12 (28)

Figure 1: Matrix of W&R Functional Areas and Respondent Research Priorities: South Africa

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

9.1.1. SIC Division 61: Wholesale and Commission trade, except motor vehicles and motor cycles: "Burning Issues" for priority in-depth research, highlighted by respondents in this W&R division.

- **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.
  - More effective labour relations processes and communications skills, to minimise unreasonable staff 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 process excellence”.

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

“Burning Issues” for priority in-depth research, highlighted by respondents in this major W&R division.

- **Corporate Governance, Market Strategy & Risk Management**
  - “Effective market positioning; how to establish and communicate our brand and to build consumer trust/confidence”.
  - “Buy South African”: we 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 retailers and small traders”.
  - Enterprise Financial Governance: better budgeting, integrated reporting and cash flow management skills (especially for SME traders).
  - “Why are so few Wholesalers and Retailers listed among the National Business Awards (Top Performing Companies 2013)?”
  - Urgent need for the National Credit Regulator to investigate furniture and appliance retailers, who are alleged to be contravening the National Credit Act (Lefifi 2013).
  - Highlighted by informal traders and small & medium enterprise (SME) retailers: “Characteristics of rural and urban retail survival and success?”; and “The urgent need to simplify statutory & legal framework, for smaller traders.”
  - “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".
- Skills Development linked to W&R key performance indicators: the need for practical skills, especially for youth; use of Co-operative education and eLearning, in large retail chains, regional associations and partnerships between established and emerging small traders.
- "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.'"
- W&R SETA Stakeholder Relations: this needs more transparency and clarity, e.g. in terms of applications for Discretionary Grants
- "SETA regional offices should play a more pro-active role in helping retailers to co-ordinate with wholesalers, fellow retailers and Chambers of Commerce".

➢ **Branch Operations Management**

- "This is 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." (several dialogic interviews highlighted the potential value of retail operational insights gained from mystery shopping exercises, facilitated either by the retail company itself, or by a service provider such as Insight Customer Solutions: www.mysterycustomer.co.za).

- "Retail is Detail; the priority need is to identify the critical success factors in W&R management, staff training and performance indicators".

➢ 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
- "Cash flow and growth finance; frequent problems of receiving prompt payment by and building working relationships / partnerships with Big Business and Government".

➢ 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 general retail (non-motor and fuel) respondents, especially those engaged 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 developing 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".
- High duties on imported fabrics, which are not currently being produced in volume in South Africa. These high duties mean that local 'Cut Make and Trim'

(CMT) factories cannot compete with the landed price of imported garments.

- 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 seizures of fake goods up 46% annually; leading to the establishment of a CGCSA industry project task group to investigate and recommend action.

The above-mentioned 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, as well as textile and local apparel manufacturers.

- According to the 2012 Supply Chain Skills Gap Survey conducted by University of Johannesburg researchers Luke and Heyns (SAPICS 2013), the results of their study imply that “there are significant skills shortages hampering the South African (manufacturing, wholesale and retail) supply chain capacity; and that urgent interventions are required to attract and retain the skills needed to operate efficient, effective and competitive supply chains.” Speaking at the SAPICS 2013 National Conference, their presentation highlighted an aspect of the W&R sector’s logistics competence, nationally and internationally, which should be prioritised.

➢ **Distribution, Shrinkage and Loss Control systems**

- “As a growing business the critical retail success factor is how to get best produce to our customers, most effectively; on time, and without shrinkage: the biggest risks to retail business sustainability are felt here!”

➢ **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 for shoppers.” (Goldstuck 2013).

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

- **Corporate Financial Governance, Strategy & Risk Management**
  - Financial access, viability, sustainability: “without these, emerging retail enterprises are just a pipe-dream. How to lower the barriers to entry for fuel retailing, as well as accessing funding for diversification opportunities?”
  - 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”.
  - Well above inflationary increases in statutory costs and wages; these increases place the motor and fuel retail industry at risk.
  - “Benchmarks are needed for a feasibility study by the Department of Energy – and also benchmarks for other parts of our business, e.g. convenience shop, car wash and other enterprise development opportunities and models?”
- **Human Resources Management & Development**
  - Better productivity, through management & staff skills development and co-operative labour relations.
- **Marketing 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?”
- **Development Projects & New Ventures**
  - “How do we (fuel retailers) approach the discovery of new, more cost-effective power sources, to replace our current dependence on fossil fuel?”

9.2. International: Africa W&R Sector Survey Findings

Aggregate Priority Research Problem themes: Matrix of respondent problem weightings, within 8 defined W&R functional areas and the 3 major SIC Divisions; indicating priority functional areas (rated 1 to 8) and weighted scores (totals in brackets), for the overall W&R sector and also by major SIC Division. After the matrix, bar charts of the international priority problem ratings for each functional area in the Africa and BRICS grouping, graphically illustrate their relative respondent weighting.

(Note: most corporate respondents were reluctant to indicate specific target countries for international development, relating to the confidentiality of company strategies.).

'Burning International Issues' named by respondents for high priority research attention, are listed after the Africa and BRICS matrices and bar charts:

International: Africa W&R sector survey findings				
Functional Areas	**Overall Respondent Priority Ratings**	**SIC Division 61: Wholesale**	**SIC Division 62: Retail - General**	**SIC Division 63: Retail – Motor & Fuel**
1.	**Procurement, Supply Chain, Distribution & Logistics**			
	1 (154)	3 (10)	1 (132)	7 (12)
2.	**Statutory / Legal Requirements**			
	2 (146)	1 (14)	2 (113)	1 (19)
3.	**Cultural / Environmental Factors**			
	5 (124)	3 (10)	4 (99)	3 (15)
4.	**Market Selection, Entry & Positioning**			
	3 (129)	5 (8)	3 (108)	6 (13)
5.	**Human Resources**			
	4 (125)	5 (8)	5 (103)	4 (14)
6.	**Innovation / Risk Management**			
	7 (118)	8 (7)	6 (97)	4 (14)

Functional Areas	Overall Respondent Priority Ratings	SIC Division 61: Wholesale	SIC Division 62: Retail - General	SIC Division 63: Retail – Motor & Fuel
7.	**Finance: Access, Sustainability**			
	6 (123)	2 (11)	7 (95)	2 (17)
8.	**Characteristics of the International Retailer**			
	8 (109)	5 (8)	8 (90)	8 (11)

Figure 3: Matrix of W&R Functional Areas and Respondent Research Priorities: Africa

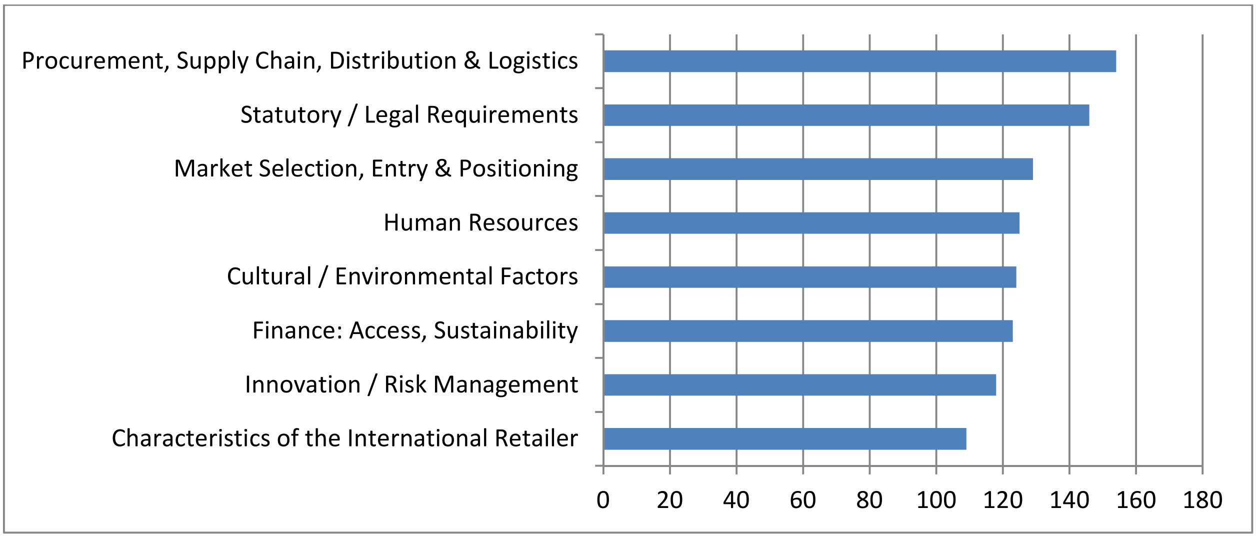

Figure 4: Overall W&R sector survey findings: Africa research priorities

9.3. International: BRICS Countries

Aggregate Priority Research Problem issues: Matrix of the 8 defined W&R functional areas and 3 major SIC Divisions. After the matrix, a bar chart of the total priority ratings for each functional area illustrates their relative research prioritisation by respondents. (Note: most corporate respondents were reluctant to indicate specific BRIC countries, relating to the confidentiality of company strategies).

'Burning International Issues' named by respondents for priority research attention and action are listed after the BRICS matrix, below.

International: BRICS Countries				
Functional Areas	**Overall Respondent Priority Ratings**	**SIC Division 61: Wholesale**	**SIC Division 62: Retail - General**	**SIC Division 63: Retail – Motor & Fuel**
1.	**Procurement, Supply Chain, Distribution & Logistics**			
	1 (78)	4 (2)	1 (69)	4 (7)
2.	**Statutory / Legal Requirements**			
	2 (75)	4 (2)	2 (64)	2 (9)
3.	**Cultural / Environmental Factors**			
	6 (64)	1 (3)	4 (54)	4 (7)
4.	**Market Selection, Entry & Positioning**			
	3 (69)	1 (3)	3 (60)	8 (6)
5.	**Human Resources**			
	4 (68)	1 (3)	5 (56)	2 (9)
6.	**Innovation / Risk Management**			
	4 (68)	4 (2)	6 (56)	1 (10)
7.	**Finance: Access, Sustainability**			
	7 (63)	4 (2)	7 (54)	4 (7)
8.	**Characteristics of the International Retailer**			
	8 (59)	4 (2)	8 (50)	4 (7)

Figure 5: Matrix of W&R Functional Areas and Respondent Priorities: BRICS Countries

Figure 6: Overall W&R sector survey findings: BRICS Countries research priorities

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

9.4.1 SIC Division 61: Wholesale and Commission trade, except motor vehicles and motor cycles:

- **Procurement, Supply Chain, Distribution & Logistics**
  - "How do we get into African markets?" in terms of strategies for (a) Non-food / Food wholesaling; and (b) Trans-national product branding.
  - "As an importer and wholesaler, exchange rate fluctuations are beyond our control and continuous cost reductions are being sought, as increased product prices cannot always be passed on to the retailer and consumer".
  - How to promote local procurement, to support poverty alleviation and job creation?
  - "'No Name' and corporate house brands are being forced onto African consumers, as the balance of power lies with SA retailers".
  - "WalMart has no regard for local business development (manufacturers nor wholesalers); how should this be countered?"

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

- **Procurement, Supply Chain, Distribution & Logistics**
  - "We need to research and introduce best 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?”
- “Supply Chain Management (purchasing, logistics, distribution) - there is very little available research on target markets in Africa (such as Kenya, Nigeria, Ghana)”.

➢ **Statutory / Legal Requirements**
- “We need a service to help SA retailers know other countries’ legal procedures and local customs; this is critical for our successful expansion into Africa”.
- “Understanding the retail market in other countries within their own legal requirements. This is relative to projected growth in other African countries, where their governance systems and legislation vary from our own.”
- Up to date Information about the various regulatory environments, with respect to bilateral country relations and how they affect business opportunities and risks?

➢ **Cultural / Environmental Factors**
- “Cultural diversity – we as retailers must better understand our varied and diverse customer base, if we are to deliver on their local needs in a way that is appropriate and adds to the local customer experience.”

➢ **Market Selection, Entry and Positioning**
- Multi-national marketing strategies: “Purely breaking into the multi-national African space is challenging – how do we overcome that? “
- “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 Africa“.
- “Skills development for unemployed South Africans in rural areas and townships is critical to raise the employment level in our country. This in turn will allow retail organisations that are developing into other countries, the opportunity for their employees to migrate into Africa, with the skills required at all levels.”
- “Human Resource availability, skills and talent management risks are too often

neglected by most trans-national research studies".

- **Innovation and Risk Management**
  - "Market selection and brand retail identity is an essential factor for innovation, with concomitant business risks".
- **Finance**
  - Credit offerings: this remains an important method to drive international sales – "at what point will granting credit facilities become detrimental, as the consumer struggles with increased bad debts?"
  - "Financial governance assessments and 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, with products 'decommoditising', is a challenge to all retail companies in varying international markets".

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

- **Procurement, Supply Chain, Distribution & Logistics**
  (No response received)
- **Statutory / Legal Requirements and Cultural / Environmental Factors**
  (No response received)
- **Market Selection, Entry and Positioning**
  (No response received)
- **Human Resources**
  - "SA fuel retail expansion into Africa is hindered by our increasing labour costs, which are above inflation, without commensurate increase in productivity levels".
  - "It is a huge problem: how to get staff motivated and more disciplined?"
- **Innovation and Risk Management**
  - The 'Green Initiative', forcing development in alternative fuels?
  - Hydrogen cell development – what implications?

- **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."

10. RECOMMENDATIONS FOR RESEARCH TOPIC PRIORITISATION

The diverse respondent perceptions and survey findings regarding the relative priorities of research problems identified within Wholesale & Retail functional areas and the major W&R SIC divisions, complemented by dialogic interviews with a range of sector thought leaders and experienced perspectives of participants in the CPUT Retail Seminar and W&R SETA Sector Skills Plan forums, now need to be analysed, categorised and prioritised by the Wholesale & Retail Research Leadership Chair.

Widely experienced retail sector analyst and consultant Parker (2013) pragmatically reflected that "the successful retailer is the one who correctly identifies the key issues, develops strategies to address them, and tactics to accomplish them. Competition is all about trying to be better than the next guy, all the time. 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'll have."

Noting this 'reality check', it is strongly recommended that the CPUT categorisation and prioritisation of survey findings for W&R research topics should be facilitated in 'round table' consultation with seasoned W&R sector business stakeholders, representative sector member organisations, mandated labour union representatives and relevant government agencies ... towards the promotion of W&R sectoral partnerships in building a 'collaborative network' around research topics and questions 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.

CPUT facilitation of such a 'collaborative network' approach could be done, for example, in partnership with the SA Retail Council (Pillay 2013), the Retail Association (Cohen 2013), the SA Petroleum Retailers Association (Lewies 2013), National Clothing Retail Federation of South Africa, South African Informal Traders Alliance (Müller 2013) and other W&R sector stakeholder organisations which confirm their commitment to seeking common ground in the prioritisation and implementation of these research survey recommendations. Informal dialogic interviews with a senior manager and ministerial adviser in the national Economic Development Department (Makgetla 2013; Mowzer 2013) suggest that EDD representatives would also be interested in such a participative review of priority W&R socio-economic developmental issues.

Based on the survey stakeholder questionnaire responses, seminar inputs and dialogic interviews with sector thought-leaders, CPUT partnership-building towards consultation and consensus on W&R priority research problems could focus on the following specific topics and questions, which are listed below in the priority sequence of their generic functional areas, as rated by survey respondents and reported in Section 9.1 above:

10.1 Corporate Governance, Strategy and Risk Management

- 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?
- What are the characteristics of a high-performing South African retailer?
- What are the characteristics of a high-performing South African wholesaler?
- What factors define the choice of franchising opportunities, versus self-owned Retail Businesses in South Africa, Africa and BRICS countries?
- What strategic opportunities exist for Wholesale & Retail vertical integration, to improve supply chain cost-efficiency across the sector?
- Is there a need for the National Credit Regulator to investigate furniture and appliance retailers, who are alleged to be contravening the National Credit Act?
- What are the optimal characteristics of SMME rural/urban retail strategy for market entry, survival and success?
- What are the strategic and corporate governance implications of potential changes in legislation, allowing fuel producers to retail fuel for their own account?
- Are benchmarks needed for a feasibility study by the Department of Energy into the regulatory framework of a fuel retailing business, e.g. convenience shop, car wash

and other enterprise development opportunities and models?

- How should fuel retailers approach the discovery of new, more cost-effective and sustainable power sources, to replace the current market dependence on fossil fuel?
- To what extent are national, provincial and local government spheres promoting an enabling business environment and regulatory framework for a successful and sustainable Wholesale and Retailing sector?
- What job creation policies and risk mitigation strategies should organised business and labour in the W&R sector review and implement, towards the achievement of National Development Plan: Vision 2030 objectives?

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

- Strategic information on priority aspects required by the W&R SETA for effective updates of the W&R Sector Skills Plan.
- How effective has W&R sector implementation of the Skills Development Act, 97 of 1998 been, towards the sustainable achievement of National Skills Development Strategy lll vision and mission?
- What corporate talent management and skills development strategies and governance action steps should South African wholesalers and retailers promote, in support of the National Skills Development Strategy lll vision and mission?
- Analyse and assess the following stakeholder statement: “Skills development for unemployed South Africans in rural areas and townships is critical, to raise the employment level in our country. This in turn will allow retail organisations that are developing into other countries, the opportunity for their employees to migrate into Africa, with the skills required at all levels.”
- Evaluate the need for more effective analysis of W&R sector knowledge and skills demand and supply, towards building competence for “The Retail Store of the Future”.
- How effective is the Wholesale & Retail sector Bargaining Council; and what should be done, to promote staff stability and productivity in the sector?
- Propose how best to promote Wholesaling and Retailing as an attractive career path for young South Africans.
- Explore Talent Management as an essential tool for attracting, developing and retaining scarce W&R skills, linked with youth development and employability goals.

- Evaluate W&R SETA achievements and opportunities, towards facilitating Wholesale & Retail sector scarce and critical skills development which will contribute to National Development Plan: Vision 2030 objectives.
- What needs to be done to promote W&R business management skills and employment equity – especially to develop "thinking supervisory and middle management" competence in retail chains?
- Propose how to build more effective and sustainable W&R industrial relations processes and communication skills, to optimise reasonable staff expectations and to improve staff skills and productivity.
- Evaluate the potential shortage of retail management skills and employment equity strategies in attracting women for permanent careers, especially in rural areas.

10.3 Finance: Access, Viability & Sustainability

- What are the Financial Performance Indicators for various categories of Wholesale and Retail businesses in South Africa and elsewhere in Africa?
- Explore the cash flow and growth finance problems for SME retailers, of not receiving prompt payment by and building working relationships / partnerships with Big Business and Government.
- 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
- Address this W&R stakeholder problem statement, regarding financial access, viability and sustainability: "Without these, successful emerging retail. enterprises are just a pipe-dream. How best to lower the barriers to entry for SME and Informal retailing, as well as accessing funding for diversification opportunities?"
- With fixed fuel retail prices and the slowing pace of fuel retailer margin increases, fuel retail profitability is said to be levelling out and decreasing. Evaluate the validity of this statement and propose cost-effective strategies.
- Define an optimal Financing Mix for SME Township Retailers, to ensure sustainability and growth.
- Compare and contrast customer credit policies in the retail clothing and furniture

sectors, in terms of cost-efficiency, equity and customer-centricity.

10.4 Marketing, Sales Promotion and Public/ Stakeholder relations

- 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.
- "Market selection and brand identity are an essential factor for retail innovation, with concomitant risks". Discuss this stakeholder statement, in the South African and African context.
- Discuss the impact of the Consumer Protection Act, 68 of 2008 on the Wholesale and Retail Supply Chain and community relations.
- Evaluate Private Labelling options and challenges for Wholesalers and Retailers in South Africa and Africa.
- Explore the Potential Benefits and Risks of Social Media as a Retail Marketing Strategy in South Africa.
- Develop and apply Community Satisfaction indicators to measure and compare Franchise versus Chain Store Operations.
- Discuss effective market positioning; how to establish and communicate a Retail Brand and build consumer trust and confidence.
- Evaluate the effective use of 'mystery shopping' exercises, to get regular and objective feedback from customers on Retail merchandise assortment and service standards; the potential value of retail operational insights gained from mystery shopping exercises, facilitated either by the retail company itself, or by a service provider.
- Do South African wholesalers and retailers understand their varied and diverse customer base, if they are to deliver on their local needs in a way that is appropriate and adds to the customer experience?

10.5 Safety, Security, Waste Management & Loss Control

- Noting that the Retail Council of South Africa has set up a working group to consider allegations of corruption and criminality in the sector, what issues and strategies may need to be on their agenda?

- Explore and evaluate Shrinkage and Loss Control strategies in high-performance retail and wholesale businesses.
- Define and assess Outsourcing Models of Housekeeping and Security Functions for a cost-effective Retail Business.
- Recommend strategies to address the following W&R stakeholder problem: “Shrinkage and 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 operational process excellence”.
- Noting that the Retail Council of South Africa has set up a project group to consider allegations of counterfeit and illicit trade in the W&R sector, what issues and strategies may need to be on their agenda?

10.6 Branch Operations Management, Systems and Technology

- Discuss the following W&R stakeholder problem: “Retail is Detail; the priority need is to identify critical success factors and to monitor performance indicators in W&R Branch operations management”.
- Define and evaluate Technology Trends and challenges for 21st Century Retail Managers, in South Africa and Africa.
- Develop a Business Intelligence Dashboard for high-performance Retailers, in South Africa and Africa.
- Discuss the following W&R stakeholder statement: “Branch Operations Management is the core of a successful retail chain business; practical branch management technology and interpersonal skills training is essential, so that retail operations competence is properly applied, on the job, for sustained growth and profitability”

10.7 Development Projects and New Ventures

- What new business ventures and development opportunities should SA wholesalers and/or retailers be exploring, across Africa and in BRICS countries?
- “The Future of South African Shopping”: how best should SA retailers and/or wholesalers engage customers through ‘omnichannel’ retailing?
- What policies and strategies should SA wholesalers and/or retailers follow, in

promoting Green Economy and Environmental Sustainability objectives?

- What new ventures and development opportunities should SA wholesalers and/or retailers be exploiting, across Africa and in BRICS countries?
- The Future of SA Shopping": how best should retailers engage customers through "omnichannel" retailing?

10.8 Procurement, Supply Chain and Distribution Logistics

- Discuss opportunities for, and obstacles to, the development of Local Suppliers versus importing of products, by SA Wholesalers and Retailers.
- Discuss and evaluate allegations of rampant import counterfeiting, corruption and criminality, including illegal import documentation and under invoicing, by a W&R stakeholder: "SARS and DTI are taking steps to combat these problems, but much more needs to be done to protect local manufacturers and to promote local employment".
- Evaluate the alleged problem of high duties on imported fabrics, which are not currently being produced in volume in South Africa. These high duties may mean that local 'Cut Make and Trim' (CMT) factories cannot compete with the landed price of imported garments.
- According to the 2012 Supply Chain Skills Gap Survey conducted by University of Johannesburg researchers Luke and Heyns (SAPICS 2013), the results of their study imply that "there are significant skills shortages hampering the South African (manufacturing, wholesale and retail) supply chain industry; and that urgent interventions are required to attract and retain the skills needed to operate efficient, effective and competitive W&R supply chains." Discuss this problem and propose cost-effective solutions.
- Discuss the following W&R stakeholder problem: "As an expanding supermarket the critical retail success factor is how to get best groceries and fresh produce to our customers, most effectively; on time, without shrinkage: the biggest risks to retail business sustainability are felt here!"

10.9 Formal / Informal W&R Challenges & Opportunities

- How best can SA corporate wholesalers and retailers build effective developmental relationships with SME and Informal Traders, towards sustainable achievement of

National Development Plan: Vision 2030 objectives?

- Discuss the following problem defined by an Informal Traders Alliance member: “Access to customers in high-traffic areas such as shopping malls; we need partnerships with big retail business, to develop ourselves to full potential and to create more jobs.”
- Discuss and propose solutions, to this statement highlighted by the Informal Traders Alliance: “Co-operative wholesale sourcing and access to development finance is essential, to facilitate SME bulk purchasing, for competitive pricing. “
- Explore and evaluate Skills Development strategies linked to “key W&R performance indicators”: the need for practical skills, especially for youth employability; effective use of Co-operative education and eLearning, in large retail chains, regional trade associations and partnerships between established and emerging traders.
- Xenophobic attacks on foreign retailers in local SA Communities; what are the root causes and possible solutions?

10.10 In-Store Production and Quality Assurance

- Discuss the need for, and cost-effective strategies to promote Quality Assurance of In-store Retail Production Processes.

10.11 Premises and Asset Management

- Explore and propose optimal Tenant Mix Models for Shopping Centres, in a transforming South Africa, towards achievement of National Development Plan: Vision 2030 objectives.

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

- Evaluate the opportunities, problems and potential risks for South African wholesalers and retailers, in E-Retailing, E-Tailing, and E-Commerce.
- Discuss the following W&R stakeholder statement: “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 for shoppers.”

10.13 Characteristics of the South African International Retailer

- Define and explore Logistics Challenges and Risks for Retail Ventures in Africa and BRICS Countries.
- Explore the Wholesale and Retail Opportunities for SA businesses, as a result of the BRICS Agreement.
- Discuss the following W&R stakeholder statement: “Financial governance assessments and assistance criteria are urgently needed, to support SA retailers for their expansion into Africa.”
- Discuss the following W&R stakeholder statement: “Expertise is essential in optimising strategic and operational cost efficiencies, across varying retail models in Africa. The need to maximise profit margin within competitive environments with products ‘decommoditising’ is a priority challenge to all retail companies in the varying markets within Africa?”
- Discuss the following W&R stakeholder statement: “SA retail expansion into Africa is hindered by our increasing labour costs, which are above inflation, without commensurate increase in productivity levels.”
- Discuss the following W&R stakeholder statement: “We need to define the innovative knowledge and skills needed for excellence and sustainability, in becoming a successful retailer in the rest of Africa.”
- Discuss the following W&R stakeholder statement: “As an importer and wholesaler, exchange rate fluctuations are beyond our control and continuous cost reductions are being sought, as increased product prices cannot always be passed on to the retailer and consumer.”
- Discuss the following W&R stakeholder statement: “China and Brazil governments support their local manufacturers far more than South Africa does, via direct and indirect incentives and measures. How should this be addressed?”
- Discuss the following W&R stakeholder statement: “Supply Chain Management (purchasing, logistics, distribution) - there is very little available research on target markets” such as Kenya, Nigeria, Ghana.
- Discuss the following W&R stakeholder statement: “We need a service to help SA retailers know other African or BRICS countries’ legal procedures and local customs; this is critical for successful international expansion into Africa”.

- Discuss the following W&R stakeholder statement: “The key challenge is to understand the retail market in other African countries within their own legal requirements. This is relative to projected growth in other African countries where their governance systems and legislation vary from our own.”
- Discuss the following W&R stakeholder statement: “As SA retailers begin or continue to expand into Africa, it’s all about timing of entry and establishing a competitive brand, to gain market share.”
- Discuss the following W&R stakeholder statement: “Multi-national HR management skills are needed, for effective selection and training of SA and local staff in Africa.”
- What business opportunities and risks does the BRICS international alliance have, for South African wholesalers and/or retailers?

11. CONCLUSION

11.1 Collaborative Stakeholder Network

Purposeful review and analysis of the above 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 stakeholders and thought leaders, towards developing an effective research strategy and programme.

Given the multi-faceted nature of the identified W&R sector problems and opportunities, within the National Development Plan: Vision 2030 and National Skills Development Strategy lll, 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 competence, experience or insights could be co-opted when necessary, for specified research topics.

11.2 ‘Top Ten’ Researchable Topics

With a view to expediting the shared vision and development of the ‘collaborative network’ of W&R sector stakeholders, it is concluded that the following ‘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 an essential 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
- Explore and evaluate Shrinkage and Loss Control strategies in high-performance retail and wholesale businesses.
- 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.
- 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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13. APPENDICES

13.1 **Appendix A:** Summary of research needs in the Wholesale and Retail Sector

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Bill Sewell

W.J. Sewell: D Litt et Phil (Public Management & Governance), Master H R Practitioner and Mentor, Certified Performance Technologist

People and Performance CC

"Strategies for performance evaluation, management development & coaching "

Appendix A: Summary of research needs in the Wholesale and Retail Sector

1. Corporate Governance, Strategy and Risk Management

- Franchising versus self-owned retail businesses in South Africa, Africa and BRICS countries
- Franchising opportunities within chain store operations
- Complex business licensing and labour laws
- Consumer protection act implications
- Complexity of dairy and liquor licensing requirements.
- Business ethics in the W&R sector
- Water and energy policies, for agricultural / food production & retailing.
- The whole spectrum of W&R policies and people
- Line management competence and policy interpretation
- Trade secrets in W&R
- Structures to involve all stakeholders in governance decision making
- W&R competition: fair/ unfair practices?
- Regulatory framework and W&R Policy loopholes;
- "Do we need to do things differently, in SA Retailing?"
- Corporate W&R sustainability: governance and strategic management
- Rigid Labour laws; and red tape for SMME/ Informal Retailers
- Cyber threat risk mitigation, by external syndicates
- Risk management for sustainable retailing
- Changes in legislation, allowing fuel producers to retail fuel for their own account.
- Corporate governance: Implications of the King lll report for wholesale and retail business.
- Effectiveness of chain store retail operations managers with discretionary freedom versus retail operations managers under rigid chain policies and procedures.
- Strategies to convert informal trade to formal trade in the SA retail sector.
- Diversification strategies for the township / informal retailer.
- Category management options for the township / informal retailer.
- Current trends and models of management communication in the SA Wholesale and Retail Sector.

- Retailer engagement with the NGO sector in South Africa.
- The impact of the new liquor legislation on relevant retail business policies and practices.
- Investigation of retail business entrepreneurship opportunities for the youth, in South Africa.
- ‘Who is Who’ in the SA Retail industry; and Why?
- "Customer centricity" in W&R strategy , policy & processes;
- W&R Business sustainability factors?
- Characteristics of rural/urban retail survival and success?
- Opportunities for Wholesale and Retail vertical integration in SA

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

- Dynamic & flexible training solutions: how can the W&R SETA support the sector in this regard (e.g. Role of e-learning and other more flexible means of knowledge development, with particular reference to accredited programmes?) Creating cost-effective processes within the current legislation to facilitate this is currently very difficult for employers.
- There is virtually no interaction between the current large role-players who direct development in the W&R SETA and the smaller businesses of the Sector who have to rely on intermittent contact through SETA Regional Offices alone.
- Transparency in all SETA related communications, especially in terms of applications for Discretionary Grants.
- Using the SETA levy and recoupment processes to drive development to support succession planning (linked to EE) in the Wholesale and Retail sector e.g. Role of the W&RSETA in supporting the industry in succession planning throughout the pipeline, and not just for current projects.
- Solutions to bridging talent gaps in the W&R industry (e.g. Buying/ planning and leadership / management skills)
- Role of E-Learning in W&R SETA accredited programmes, versus registered assessment.
- Relevance of W&R SETA curricula to real W&R business needs?

- Models to make retailing an employer of choice for school and varsity leavers (Retail & Wholesale is currently still relatively unknown, in terms of the many career opportunities it offers)
- Strategic training needs of SA Retail Managers.
- Identification of scarce and critical skills in SA Retail.
- Job creation strategies in SA Retail Business.
- Appropriate skills training for SMME Retailers in SA.
- Retail staff training must give a fair chance to the staff to learn the day to day running of such a business. What does burn me with regards the training that we have had over the last three years is that there is no practical role play training and even the theory is not geared up to the food retail industry. We need to start looking at this!
- Human resource management issues in SA Retailing: employment equity, skills development, talent management, labour relations, transformation.
- Integrated W&R talent management, career progress and skills retention
- Accuracy of skills demand versus supply numbers.
- ‘Talent Incubator’: a ‘Casual Pool’ for developing W&R sector skills.
- Youth Employment: this is a very important national challenge for SA retailers
- Relationship between youth employability, work integrated learning & job creation in SA Retailing.
- Professionalising the W&R Sector.
- Clarify SETA process, to agree/consult for meaningful sector skills planning.
- Labour Relations complexity and costs in the W&R sector.
- Commitment, productivity, service standards for retail business sustainability.
- Models of optimising productivity in a unionised W&R environment.
- Productivity and compliance with UIF and labour legislation.
- Conflict management and fair management practices in W&R.
- Employment ratios and benefits must be equitable (i.e. Permanent/part-time /casual staff ratios).
- Continuous up-skilling of W&R supervisory / management skills.
- Leadership skills training for shop stewards and Union officials;
- Recognition of Prior Learning (RPL) for senior Union officials to undertake FET and HEI vocational education.

- Need to involve labour unions in W&R company EE Committees.
- Why do foreigners (e.g. Somali and Pakistani retailers) succeed better than SA informal retailers?
- Workplace Integrated Learning and skills development practices in W&R.
- "Thinking Middle Management", to ensure W&R "Process Excellence"
- Retail career promotion: image and aspirations.
- Developing a people and profit driven culture vs. only profit.
- "Retail is not sexy"; Career marketing is needed, to build for the future.
- Holding people accountable for their key performance indicators.
- Key-man retention incentives and staff share schemes in the W&R sector.
- Employee engagement and staff retention is an ongoing problem, in retail.
- The high level of unemployment in South Africa shields the industry from many cost cutting initiatives that could be introduced, to impact on the manner that fuel is delivered to the retail consumer.
- The influence of leadership styles and management practices on productivity, in SA wholesale and retail trade.
- Employee motivation, morale, job satisfaction and stress in SA retail businesses.
- Implications of lack of management knowledge and skill in retail businesses.
- Flexi time employment practices in the SA retail sector.
- Evaluation of management development programmes in the SA wholesale and retail industry.
- W&R Staff development and training impact on employee retention.
- Leadership profile of an effective SA Retail Manager.
- Research into current in-house training that retailers are providing.
- The effectiveness of implementing an Employment Equity policy in the SA retail workplace.
- Linguistic variety amongst first year retail students; and how this impacts on throughput rates.
- Use of technology (laptops, smart phones, blackboard, etc.) by students; and the impact these have on student throughput rates and results.
- The potential effect of the proposed provisions in the Labour Relations Amendment Bill regarding labour brokering on SA retailers.

- Appropriate Skills Training for Informal / SMME Retailers.
- Identification of Scarce and Critical Skills in Retail.
- Rigid SA Labour Laws for cost-effective retailing (compare China/SA policies and costs).
- Permanent retail employment, rather than casualisation.
- Employability is essential for sustainable job creation, especially youth.
- Increasing levels of labour costs, above inflation, without commensurate increase in productivity levels.
- Job Creation Strategies in Retail Businesses.
- W&R job creation & sustainability.
- Entrepreneurial Development – Needs to be developed further, a culture needs to be created for school leavers.
- Job creation and Employability (Youth Unemployment & Development). This is a major national challenge that needs urgent and coordinated responses to address.
- Skills development / e-learning: This will greatly assist with our ability to deliver quality product, resulting in improved business and profitability, which in turn improves our ability to reduce poverty by employing more people.
- Labour Relations – Unreasonable staff expectations.
- Key Performance Indicators and productivity in successful SA wholesale and retail organisations.
- Labour productivity and stability.
- Talent Management, Employment Equity – shortage of skills that want to work in rural areas. Wholesale predominately male orientated – difficulty to have women accepted into the sector.
- Talent Management & Employment Equity;
- Need for more effective analysis of skills supply and demand for "The Retail Store of the Future"
- How to get retail staff motivated and more disciplined.

3. Finance: Access, Viability & Sustainability

- Access to finance by SMME Retailers and Informal Traders.
- Financial performance indicators for various retail businesses.

- Financing mix for small township retailers to ensure sustainability.
- Rising cost trends of retailers smme / rural areas ‘survivalist ‘financial management challenges and processes.
- Access to development finance, for Informal / SMME traders.
- Budgeting and Control; Cash flow management.
- SMME retailers /Small Suppliers: both need financial support and tools.
- Effectiveness of our outsourced ABSA credit card joint venture?
- Return on investment criteria in W&R?
- SMME and other entrepreneurs struggle with start-up finance.
- Viability Studies (financial implications for potential new W&R Projects)
- Financial governance aspects of ‘Franchise/Own store’ decisions.
- Credit granting, Lay-bye and Cash Sales options: financial /sales choices?
- Rising cost trends of SA wholesalers and retailers.
- Debt covenant compliance practices and models for retailers.
- Predictive financial modeling of business failure within a retail context.
- Financial management best practices for emerging township retailers.
- Revolving credit as mechanism to support spaza shop / informal trader development.
- Effective Capital budgeting practices for retailers.
- Effective management of introducing credit, by traditional cash retailers.
- Investigating the cash conversion cycle and variables at selected retailers.
- Development and modelling of board games to enhance the financial literacy of retail staff.
- Review of financial risks in SA retail businesses.
- Access to Finance by SMME Retailers and Informal Traders.
- Financial Performance Indicators for various types of Retail Businesses.
- Financing mix for small township retailers to ensure sustainability.
- Financial assistance aimed at improving our industry, and assessment, and if needed, introduction of best practices which would improve our existing practices within our industry resulting in a positive outcome for our industry as a whole.
- The high levels of unemployment in South Africa shields the industry from many cost cutting initiatives that could be introduced, to impact in the manner that fuel is retailed to the consumer.

- Cash flow and growth finance.
- Prompt payment by and building relations with big business & government.
- As an importer, exchange rate fluctuations are beyond our control and continuous cost reductions are being sought as increased product prices cannot always be passed onto the consumer.
- Granting of reckless credit in breach of the National Credit Act 34 of 2005 due to salesmen chasing commission, credit bureaus not updating adverse listing timeously thereby distorting the affordability/creditworthiness of the consumer.
- Access to finance – how to lower the barriers to entry for the fuel industry, specifically funding, as well as accessing funding for other retail operations e.g. convenience store diversifications.
- Financial viability and sustainability – benchmarks for feasibility of service stations to confirm or update research being done for the department of energy on benchmark service stations. Also benchmarks for other parts of the business e.g. shop, car wash, diversifications.
- Slowing pace of dealer margin increases – profitability levelling out and decreasing.

4. Marketing, Sales Promotion and Public/ Stakeholder relations

- The potential and risks of social media as a retail marketing strategy.
- Private Labelling options for Retailers.
- Customer Satisfaction and Service in Retailing.
- Impact of the Consumer Protection Act on the Retail Supply Chain Community.
- Satisfaction with community engagement of franchise versus chain store.
- Analysis of the whole W&R value chain.
- ‘Proudly South African’ strategies in SA wholesale and retail.
- Packaging: how important for Retail market profile and sales?
- Need deeper government / industry understanding of goals and consequences of marketing laws, e.g. liquor and hardware marketing.
- ‘Ubuntu’ projects, for community co-operation and visibility.
- How do we strengthen our community relations, as a retailer?
- People skills & community communication.
- Transparency in W&R public relations and sales promotion.

- Retail Implications of discovery of new reliable and cost effective power sources, to replace dependence on fossil fuel.
- Retail businesses involvement in communities.
- Cost-effectiveness of loyalty programmes; including spending patterns.
- Retailing strategies of “Green” products.
- New international competitors in the SA retail sector.
- Loyalty card applications for smaller independent retailers.
- Financial and insurance services offered by FMCG retailers.
- Utilising loyalty card systems information to increase sales & client retention.
- The influence of inflation on the buying behaviour of FMCG consumers.
- Consumer perceptions regarding buying meat from retailers.
- Consumer Perceptions regarding service quality at SA retailers.
- The effectiveness of mobile marketing of SA retailers.
- Investigation into the effectiveness of demand forecasts, as a tool to assist retailers in planning store operations and marketing.
- Retail businesses involvement and image in communities.
- Stakeholder relations priorities and strategies of retail businesses.
- Image implications of FMCG Retailers as authorised financial service providers.
- The intricate nature and relationship of the community image of a retailer and the impact that communication has on this relationship.
- Private Labeling Options for Retailers.
- Customer Satisfaction on Services in Retailing.
- The potential and risks of social media as a retail marketing strategy.
- Building a loyal customer base.
- A happy and prosperous community means good business opportunities.
- Dealing with customer complaints in compliance with the consumer rights entrenched in the Consumer Protection Act 68 of 2008.
- Market positioning – to establish our brand as the preferred brand.
- Marketing – understanding the impact of consumer and community on profits and acceptance within the region where trading.
- Market positioning/brand differentiation – in a competitive environment, the consumer is spoilt for choice therefore brands create both a reputation and loyalty which is key.

5. **Safety, Security, Waste Management & Loss Control**

- Shrinkage and loss control in retail businesses.
- Outsourcing Models of Housekeeping and Security Functions for Retail Business.
- Food safety and ageing policy/ security processes (from farms through to in-store expiry dates).
- Waste management; especially food / heavy machinery.
- Loss control: retail root causes and required disciplines.
- "Green Policies" understanding and environmental knowledge.
- Packaging standards and recycling in SA wholesale & retail.
- W&R SETA Safety & Security Unit Standards need to be upgraded.
- Safety & Security risks in SA retail businesses.
- Waste removal practices in FMCG retail operations.
- Customer theft prevention policies and practices in SA retail businesses.
- Security and Shrinkage are a major problem and system/policy loop holes continually have to be closed at high cost.
- Shrinkage and loss control systems – inventory management and limiting markdowns/wastage will have dramatic effect on margins if efficient.

6. **Branch Operations Management, Systems and Technology**

- Technology trends for retail managers.
- Dashboard business intelligence for retailers.
- ‘Customer Centricity’: how do SA retailers define, enhance, implement and support?
- Customer service levels: setting and measuring retail branch standards.
- Systems to support branch operations management and trend analysis.
- E-retail infrastructure and skills needed?
- How to combat external fraud and cloned cards in retailing.
- Rural/ urban segmentation and implications for systems & technology.
- IT Skills - broaden the operational skills pool, into all retail chain branches.
- Retail operations: understanding and implementing chain policies and processes.
- Stock management technology.
- Work study methodology for W&R viability & sustainability.

- Knowledge management, at all levels in the group.
- Does retail store infrastructure support modern shifts in the use of technology? e.g. e-learning implementation.
- The use and impact of software systems (e.g. SAP/ERP) within retail supply chains.
- Scanning systems for retail businesses.
- Evaluation of MIS in retailers to deliver effective business intelligence.
- Use of information systems at various levels of management in retail.
- The use of SAP systems in retail business functions.
- Design and use of Retail Point of sale systems.
- Use of systems in retail store layout and design.
- Stock control/receiving/dispatch & merchandise systems in SA wholesale & retail.
- Management of Dead Stock; effective W&R policies and systems.
- Retail Operations management – to ensure effective branch operations management.
- Operational W&R Efficiencies, within Legislative requirements.
- Managing Social Media and Digital Technologies needs a new role – located between Marketing and IT: Chief Digital Officers.

7. Development Projects and New Ventures

- Local Supplier development; for fair trade and job creation.
- Sustainable and mutually beneficial W&R development strategies.
- Innovation in retail marketing concepts, trading patterns and product design.
- Cost-effective co-operatives / voluntary partnerships for informal traders.
- Define core strengths needed in a new retail venture?
- Need for research skills locally, re consumer needs & preferences.
- Specialist niches in SA Wholesale and Retail?
- Broad-based Black Economic Empowerment in the W&R sector.
- How to improve stock turn: in-store innovation & foresight.
- Enterprise development (suppliers): retailer policies & guidelines.
- Enterprise Development – what are the opportunities, models and projects currently focused on by SA W&R businesses?

8. Procurement, Supply Chain and Distribution Logistics

- Development of local suppliers versus import of products.
- Productivity & cost-effectiveness of W&R supply chain.
- Promotion of local sourcing; local supplier/quality standards.
- High Costs of transport and logistics for SA wholesalers and retailers.
- Ensuring In-stock retail availability is essential, but can be costly.
- Preferential procurement policies from local / black suppliers.
- Transparency in retail procurement and merchandise labelling.
- International trade logistics: W&R costs and corruption.
- Factors in SA retailer decisions regarding use of warehouses or distribution centres.
- Collaborative purchasing and distribution strategies for the small independent retailer.
- Assortment optimisation models for SA retail businesses.
- Space allocation and product placement decisions in retailing.
- Purchasing strategies in SA retail businesses.
- Merchandising strategies of FMCG retail businesses in SA.
- E-Commerce and its impact on the global retail supply chain.
- Shortage of W&R Buying & Planning skills.
- "Complexity of the Retail Supply Chain".
- Are SA retailers strongly in favour of Fairtrade procurement?
- Fairtrade policies and strategies.
- Enterprise Development. Local Retail Development and Diversification/ Innovation – all emerging and unique areas of operation within SA and customer differentiators.
- Supplier Development: This will allow our preferred suppliers to deliver us quality products which in turn will improve our business and lead to reduced unemployment.
- Capacity Building of the SMMEs in the light of the BBBEE legislative requirement on Enterprise Development.
- Supply chain reliability for SA wholesalers and retailers.
- Supply Chain & Distribution Logistics – as a growing business the Critical success factor is how to get best produce to customer most effectively.
- Merchandising – competitive and sustainable supply chain optimisation.
- Logistics and Supply Chain Cost-effectiveness?

- Supply chain and distribution management: costs and quality.
- W&R Supply chain and distribution logistics – efficiencies through logistics lead to margin expansion as well as availability – this is vital to remain current and competitive.

9. Formal / Informal W&R Challenges & Opportunities

- Two parallel retail economies, in SA: how best to integrate?
- Opportunities for formal / informal buying power collaboration.
- How to bridge the formal/informal W&R gaps?
- SMME & Spazas interactions: need to build collaboration.
- Incorporate informal trader facilities into formal shopping centres/ malls.
- Capacity building of SMMEs.
- Public/Private Partnerships, to develop informal traders.
- Foreign traders in SA: why are they successful?
- Corporate Retailers/wholesalers support to informal traders / spaza shops, in South Africa.
- Impact of Chinese retailers on SA rural retailers.
- Xenophobia attacks on foreign retailers in SA local communities
- Formal/Informal sector interactions.

10. In-Store Production and Quality Assurance

- In-store production processes in retail.
- Quality assurance of in-store retail production.
- Need consistent, high standards of Product Quality.
- In store production processes: scarce skills are a challenge.
- Cost effectiveness of in store production, versus outsourcing?
- Dairy and bread quality standards & retail food hygiene.
- Food safety, for in-store deli and fresh produce.
- Retail goods which are durable & free from defects.
- Service excellence and production control: In-store Compliance Processes.
- Merchandising and Space Management (Shelf optimisation).

- Comparison of cost benefits and risk analysis of in-store production by major retailers in South Africa.
- Application of HACCP and ISO standards for in-store retail production.
- Quality specifications by SA retailers for production processes in outsourced supplier manufacturing.
- Quality Assurance of in-store retail production.

11. Premises and Asset Management

- Optimal tenant mix models for shopping centres.
- Rent or build in rural / urban contexts.
- "How do you continue growing, when there is a supermarket on every corner?"
- Equipment control & maintenance: costs, skills and availability.
- W&R Property management: rent or buy?
- Optimal tenant mix models for SA shopping centres.
- Differentiated rental models for a varied tenant mix within SA shopping centres.
- Consumer perceptions regarding entertainment in SA shopping centres.
- Retail tenant satisfaction in SA shopping centres.
- Implications of the high cost of rental for smaller retailers in shopping centres in South Africa.
- The management of temporary tenants in a retail shopping centre.
- Cost-benefits of SA retailing in shopping centres versus stand alone / street retailing.

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

- E-Retailing / E-Tailing / E-Commerce in SA Retail.
- Pricing strategy for on-line / catalogue retailing?
- Door to door/ house parties in SA township communities.
- E-retailing: challenges of technology access and skills needs.
- Supply chain/delivery policies and processes, for non-store retailing.
- E-Tailing: How? What needs to be done? Bandwidth; Volumes to cost- justify?
- How important is personal interaction & the human touch, in SA retailing?
- 'Virtual Stores': how to market them?

- ‘Fit for purpose’ retailing trading strategies in SA: one size does not fit all communities.

13 Characteristics of the South African International Retailer

13.1 Africa

- Risks of Business Ventures into Africa.
- International Retail Development: market opportunities and legal hurdles, in Africa.
- The limitations on cross border trade due to the bureaucratic requirements of moving stock between African countries are huge limitations to the SA retail business.
- Various Tax, duties, surtax and customs requirements; especially for mid-size Retailers.
- As we expand into Africa, many factors become critical in understanding the local market, e.g. Increasing levels of labour costs, above inflation, without commensurate increase in productivity levels.
- Understanding cultural and legal dynamics in various countries across Africa.
- Assessment of local consumer product knowledge, in various countries.
- Multi-national branding strategy, across the African continent.
- Africa is very topical at the moment, with the majority of SA retailers looking to enter this space due to the potential based on demographics and the emerging middle class. The question remains as to the ease with which this can be done; and whether it is a fit for all categories of retailers. More information is needed on the African shopper (country specific), the relevant trade laws and brand awareness.
- In certain African countries, the more westernised brands (USA brands for example) are demanded – in depth consumer investigations would identify SA retailing opportunities versus potential failures.
- Risks of Retail Business Ventures into Africa.
- No name brands are being forced on African consumers as the balance of power lies with the SA retailers (comment made by an SA wholesaler).
- Understanding the legal and statutory environment in the SADC and other African countries.

- As with entering Africa, entering emerging markets would be that much easier if there was more information on the consumer base, the expected development and potential scale. It is very important to get country/area specific data as it varies so significantly.

13.2 BRICS Countries

- Retail Opportunities as a result of the BRICS Agreement.
- Innovation, Procurement, Supply Chain, Distribution & Logistics: We could possibly use BRICS experience to introduce best practices into our W&R industry, resulting in improvements.
- Procurement, supply chain know-how; we can learn these, for BRICS partnerships and to enter new markets.
- Market selection, procurement, supply chain, distribution logistics – to enter correct BRICS markets and reach targeted consumers, to ensure sustainability.
- Development finance is needed, to help SA retailers to establish and make a mark on the world stage.
- Danger of Dumping: Imports from China?
- Imports from BRICS countries, for example Wellness products from Brazil: Marketing opportunities and import constraints?
- Entering emerging BRICS markets would be that much easier if there was more information on the consumer base, the expected development and potential scale. It is very important to get country/area specific data as it varies so significantly.
- BRICS Innovation / Risk Management: We could use this to introduce best practices into our industry resulting in improvement.
- Retail expansion opportunities as a Result of the BRICS Agreement.
- BRICS Market selection – to enter correct markets to ensure sustainability
- BRICS Procurement, supply chain, distribution and logistics information (this will be important to reach the targeted consumers or business partners).
- Legal requirements for BRICS procurement (cross-border imports/exports).
- Retail Innovation: what can we in SA learn, from BRICS W&R businesses?

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