

April 2011

HGR

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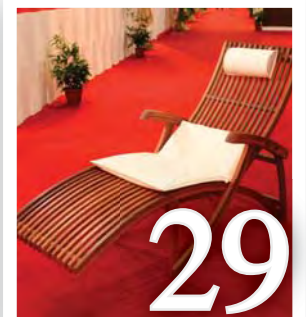
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Birthday celebrations, the consumer has protection, and the flavour of TV

Happy birthday to the South African Retail Council, which celebrates its first birthday this month. The past 12 months have been extremely busy, according to SARC head Patricia Pillay, and there have been growing pains, but she is more than satisfied with the council's achievements so far and is bullish about the way forward.

Equally important this month, for retailers and suppliers, is the implementation of the new Consumer Protection Act, which has huge implications for business. But instead of being intimidated by the new legislation, Werksmans attorney Ina Meiring says the industry should view it as a marketing opportunity to show their customers they truly are regarded as king.

Besides the feature on consumer electronics, this issue of HGR has a distinct flavour of television about it, with lots of 3D seasoning. Our Talking Points column examines the effect of grey product imports on the industry, GfK reviews the burgeoning impact of flat television on the market, while PwC considers the future of 3D television.

Also not to be missed is publisher Ian Hughes' report of the recent Malaysia International Furniture Fair, to which he was invited as one of the exhibit judges.

Until May. ■



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SA Retail Council celebrates first anniversary

A year has passed since the launch of the South African Retail Council (SARC) in April 2010, specifically geared to providing the retail industry with a unified voice. Over the past 12 months the council has not wasted any time in getting down to business.

The executive committee, under the acting chairmanship of JD Group CEO Grattan Kirk and comprising representatives from Massmart, Woolworths, Spar, Ellerine Holdings, the Lewis Group and the independent furniture retailers, identified expansion as their most important order of business and immediately embarked on a recruitment drive to enlist new members.

"We focused specifically on small and medium enterprises," says SARC head Patricia Pillay. "These companies don't usually have the same resources as their larger counterparts so they need our services more than they realise. Consequently, we have aligned our subscription rate to accommodate them, while broadening the scope to other retailers besides those in the food, clothing and furniture industries."

"The SARC is geared to alleviating some of the pressure on retailers"

Several forums were set up to focus on various matters impacting directly on members, such as employment, transformation and sustainability, along with industry affairs and logistics. "Key focus areas within these forums include the move from trade to legal metrology, energy efficiency labelling, the National Waste Act and the impending AARTO demerit system," says Pillay.

Another top priority for the SARC has been the new Consumer Protection Act (CPA), on which it has engaged closely with the Department of Trade and Industry. "Besides giving input on regulations we are also working closely with industry on



Patricia Pillay – *exciting times for the retail industry.*

the development of an industry code of conduct, which closely aligns itself to the spirit and intention of the Act," says Pillay.

Additionally, the SARC has held industry training sessions in major centres across the country on the practical application of the CPA and how it will affect businesses. "We also advise businesses on how to ensure their processes and procedures are compliant with the Act, and in-house training sessions are provided to organisations at their request," Pillay continues. "We are extremely happy with the response we have received to this initiative."

Another project initiated in the last year is the production of a DVD for members who are unable to attend the live training sessions. "We are still working on this project, but hope to make it available within the next few months," says Pillay, adding that an e-learning system is also on the cards and should be implemented soon.

"Retailers are in business to sell and make a profit," she continues, "but few have the expertise and resources needed to keep abreast of legislation and other important changes. Through the SARC they receive regular notification of relevant industry developments and have



Joe Berinato – *amalgamation hugely beneficial.*

access to the tools they need to meet any new requirements. Thus instead of not complying due to ignorance our members are part of a body not unlike a 'big brother' to help them to stay on track."

"The retail industry as a whole is going through an exciting time," Pillay adds. "The challenge for most retailers will be how to keep selling profitably while constantly reinventing themselves and complying with legislation. The SARC is geared to alleviating some of the pressure on retailers, thus allowing them to run their businesses more efficiently. I believe our current strategy falls within the mandate we were given."

Some members certainly agree. Commenting on behalf of the independent furniture retailers, SARC exco Joe Berinato says: "Patricia is fully dedicated to the industry and has made it a priority to visit members, including independents, to keep them informed and updates them regularly with bulletins, emails and other communication means at her disposal.

"I am now more convinced than ever that the amalgamation of the Furniture Traders Association with the SARC was not only desirable, but in today's climate hugely beneficial and will be even more so in the future." ■

CPA gives consumers new repair, return or refund rights

The implementation of the Consumer Protection Act (CPA) on 1 April affords consumers, for the first time, the option to demand that faulty goods are repaired, replaced or returned for money back, according to implied warranties imposed by the CPA.

Werksmans Attorneys director Ina Meiring says: "If goods bought by a consumer do not comply with standards stipulated in the CPA, consumers have a right to return the goods within six months of purchase, and the supplier must, at the direction of the consumer, either repair, replace or refund to the consumer the price paid for the goods."

HGR spoke to Meiring about what this refund, repair or return policy, a first for South African law, means to suppliers.

What are defined as "goods and services" within the CPA?

For the retailer the term includes anything marketed for human consumption, as well as any other tangible (such as furniture, appliances

**"The new CPA
clearly favours
the consumer"**

and audio visual products) and intangible objects (such as music, photographs or software), including any medium on which anything is or may be written or encoded.

Services include any work or undertaking performed for the direct or indirect benefit of another, such as the transportation of any goods.

What are the standards goods must comply with, as specified by the CPA?

These are set out in Section 55 of the Act. The customer must be provided with goods that are reasonably suitable for the purposes for which they are intended, are of good quality, in good working order and free of any defects, will be useable and durable for a



Ina Meiring – *one-sided agreements no longer legal.*

reasonable period of time, and comply with any applicable standards set under the Standards Act of 1993.

Suppliers may not circumvent the provisions of the Act with contract wording. For example, the CPA affords customers the right to inspect goods, which suppliers may not refuse through the use of wording in their contracts with customers.

The CPA also deals with the marketing of goods. Consumers will have the right to restrict unwanted direct marketing (including promotional email and telesales). Additionally, if a consumer bought goods as a result of direct marketing, he/she will be entitled to cancel the sale of those goods within a specified period.

What effect could the CPA's implied warranties have on businesses' bottom line?

Implied warranties give consumers the right to return defective goods within six months and demand that they be repaired, replaced or their money refunded, but the onus is on the customer to reasonably show how

the goods did not comply with CPA standards. Suppliers who enter into transactions with consumers for the supply of any goods should be aware of such warranties since these will have a material impact on their return and refund policies.

What should business do to prepare for the implementation of the implied warranties?

Businesses need to closely review their policies and procedures on entering into negotiations and transactions with customers to ensure that they do have prohibited terms and conditions in their contracts – clauses which mislead the consumer or exempt the supplier from liability. Such clauses must be deleted from the contract. Some businesses are known to have excessively one-sided agreements that largely favour the supplier. These will no longer be accepted in a court of law.

What recourse does the CPA give consumers against suppliers in the event of the receipt of faulty goods?

Several avenues are open to consumers. They may approach the newly established National Consumer Commission, which is specifically geared to enforce the CPA, or lay a complaint

**"Suppliers should embrace
the new legislation
as a marketing opportunity"**

with the ombudsman or the National Consumer Tribunal set up under the National Credit Act, or take their complaint to court.

The CPA clearly favours the rights of consumers, but suppliers should embrace this new legislation, and use it as a marketing opportunity to show that their policies and contracts have consumers' best interests at heart. ■

National Consumer Commission launched

Emanating from the new Consumer Protection Act, the National Consumer Commission (NCC), launched in March by Trade and Industry Minister Rob Davies, is geared to providing more protection for the consumer.

A survey done by the Department of Trade and Industry shows that only 21 per cent of South African consumers are aware of their consumer rights and of systems in place to address their problems.

"There has been a lot of misleading advertising, people have been supplied with goods that didn't meet specifications, redress and remedies were inadequate and relied a lot on common law and on the criminal law," says Davis.

"The NCC will provide a platform for consumers to lodge complaints about any shoddy goods and bad service," adds national consumer commissioner Mamodupi Mohlala. "Complaints will be dealt with within six weeks, and more complex matters in no longer than six months.

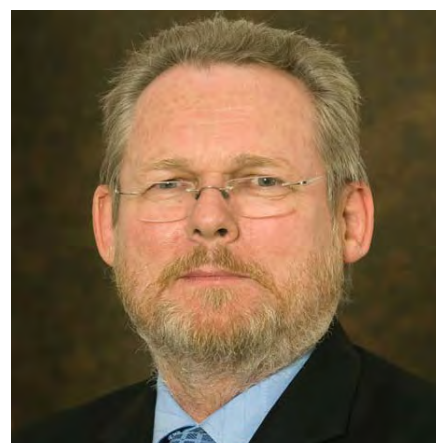
"If the NCC is unable to resolve the complaints, the National Consumer Tribunal (set up under the National Credit



Mamodupi Mohlala – "complaints will be dealt with in six weeks."

Act) will step in," Mohlala continues. "Those found guilty of transgressions face a penalty of one million rand or ten per cent of the company's turnover."

Consumer watch organisations have welcomed the formation of the NCC. "Most current laws are not really benefiting consumers because they are not fully enforced," says National Consumer Forum deputy chairman Paul Crankshaw. "This is a new chapter



Rob Davies – "people have been supplied with goods that didn't meet specifications."

in stamping out unfair business practice and protecting the vulnerable consumers."

The National Credit Regulator (NCR) has also applauded the launch of the NCC. "This is an important milestone in our country," says senior manager: education and strategy Peter Setou. "we welcome this development in consumer protection legislation and to working closely with the commissioner." ■

Amap sales increase as expansion continues

Amalgamated Appliances' (Amap) profitability trend is continuing, according to the group's results for the six months to December 2010, and the company expects to improve operational performance for this financial year.

Revenue was up 12.9 per cent from a year earlier to R451.4 million and operating profit rose 8.6 per cent year on year to R34.8 million. Profit for the period edged up 2.3 per cent to R25 million.

On a net basis the group gained more listings and increased its market share in small appliances to just over 30 per cent from just under 30 per cent. Efforts to improve the quality of its products have paid off with a 25 per cent decrease in the number of returns over the past six

months.

Amap began selling Wiltshire homewares in November, under licence from Australia, as well as Arti Fatti, a limited range of off-the-wall accessories, housewares, small appliances and gifts. "We are cautiously optimistic about sales so far," says group CEO Alan Coward, adding that the company is considering another three or four possible acquisitions to its existing portfolios.

Additionally, he says the group's Africa expansion strategy is "on track" and "we are excited about opportunities that await us to the north of the continent. The expansion of South African retailers into other African countries will also benefit our expansion plans."

The contribution to revenue from operations outside South Africa is expected to be about five per cent for the full year.

The company expects retail sales for the balance of the financial year to grow marginally in the categories in which it trades.

Commenting on the impact Walmart's acquisition of a controlling stake in Massmart might have on Amap, which accounts for 30 per cent of Amap's revenue, Coward believes the US company will make a concerted effort to use local suppliers. "The challenge is to integrate our business with Walmart's operations, but we view this as an opportunity." ■

Samsung launches electronics engineering academy

To help boost local technical and engineering skills, Samsung has launched the Samsung Electronics Engineering Academy – a corporate social responsibility (CSR) initiative that strives to transform communities through education and skills development and in return, open up skilled, well-paying job opportunities for individuals.

By tapping into the youth's interest in electronics, Samsung will equip underprivileged students attending government technical schools with the skills and practical experience required to make them competitive in the local job market.

Samsung Africa CSR head Ntutule Tshenye says: "At Samsung we have identified the urgent need to address such skills and education challenges that Africa faces, as these affect the overall industry we are involved in. Furthermore, it is our responsibility to implement effective and sustainable CSR initiatives that will deliver measurable improvements to the quality of life for both individuals and the community in which we work. We have set a goal accordingly: to positively impact five million lives by 2015.

"Through the Samsung Electronics Engineering Academy we are addressing



Kwang Kee Park – opened the Samsung Electronics Engineering Academy.

the critical technical and engineering skills shortage in South Africa and, as we expand our initiative, across the African continent.

"The academy also aims to differentiate Samsung's quality of service to our customers," Tshenye continues. "We are building a workforce of technicians and exclusive service experts in line with the South African government's drive of creating decent jobs, especially for young citizens."

Officially opened by Samsung chief

executive officer Kwang Kee Park, the academy is located in Boksburg and will benefit the technical high schools in the Ekurhuleni municipal area. Samsung has already signed participation agreements with four technical high schools in Katlehong and Vosloorus, and will accommodate more schools in the coming years.

The academy boosts a state-of-the-art electronics engineering laboratory to be used for all the practical work, and a technology-rich space where students, sourced from grades 10–12 physical science and mathematics, will undertake their theoretical lessons and discussions. The overall emphasis is hands-on, practical experience for the workplace.

Samsung is focused on entering graduates of this class into a service centre programme. Students who graduate from the academy will also compete for an internship opportunity at one of Samsung's various service centres across the country where they will put the skills learned at the academy to practical use for Samsung customers. Because the programme provides students with the necessary engineering acumen, Samsung will help give the graduates a head start in the workplace, making them attractive recruits for Samsung, its partners and other industry players.

"CSR has come a long way over the years and now forms part of Samsung's core business objectives," Tshenye continues. "The reality is that no company will be able to compete effectively without solid CSR initiatives in place, as there is a high demand for such programmes across Africa.

"This is why the Samsung Engineering Academy plays a key role within Samsung's overall CSR strategy, which incorporates far more than merely monetary investment, but rather a value-added approach, incorporating elements of true involvement such as employee time, consumer education and brand alignment. With our goal in place to impact five million lives by 2015, we believe that this initiative has the potential to do just that." ■



Attendees listen intently at the launch of Samsung's Electronics Engineering Academy in Boksburg.

GreenPan eco-friendly cookware donates trees for pans sold

International cookware brand GreenPan, part of the Creative Housewares group, partnered with social enterprise Food & Trees for Africa (FTFA) to donate a tree for every item sold during August 2010, a total of 372 trees, to be planted through the Trees for All programme.

The first 20 trees were planted at Vuyani Primary School in Gugulethu, Western Cape late last year. Since then, schools in KwaZulu-Natal and the Western Cape that applied to FTFA have received GreenPan trees.

"The tree plantings are a good opportunity to allow school communities

to experience planting and caring for trees and to learn of all the many benefits they bring as an essential component for a healthy life and a healthy planet," says Creative Housewares marketing executive Steve Stewart. "In time, these trees will also provide shade for the learners to sit under during breaks."

GreenPan ended the planting of the 372 trees with a flourish when its staff attended the last tree planting event in Soweto, at Mangwele Primary School in February.

Mangwele Primary School has 344 learners and ten educators. The school

runs a feeding scheme for its orphaned and vulnerable children and requested the trees so that pupils could enhance their environmental knowledge, become aware of climate change and learn about climate change solutions.

"Mangwele Primary School would like to take this new knowledge of greening out into the community to foster a sense of pride in the environment," says school principal A Magau. "We are very excited to have the GreenPan staff here to plant the trees with the learners, as this will unite and build their future partnerships in developing the school" ■

New R500 million shopping centre for Queenstown

A R500 million regional shopping mall is to be developed on the N6 Cathcart Road opposite the rapidly emerging area of Komani Park in Queenstown, an economic hub in the Eastern Cape, this according to property development company Eris Property Group.

Phase one of the centre, to be known as Q Mall will extend to 33 000 square metres and offer more than 100 shops, including the latest style Checkers supermarket, while a brand-new Edgars and Jet store will anchor the fashion offering. CTM will open with a new facility on the site, bringing the world of DIY to the mix.

Phase two will offer a further 8 000 square metres of additional retail and entertainment facilities in future.

Project development manager Rob Terry says that the site's location between the venerable but overcrowded CBD and the major township of Ezebeleni means that it is ideally situated for all of Queenstown's shoppers. Its frontage onto the newly upgraded N6 arterial route allows easy access for those using Queenstown as a base from surrounding areas and towns such as Cathcart, Dordrecht and numerous others.

"No longer will people have to drive for two hours to East London for their major shopping. It will all be right here on their doorstep."

The developers are busy finalising



An artist's impression of the soon-to-be-developed Q Mall in Queenstown, Eastern Cape.

their arrangements with a host of other well-known retailers. "If you can think of a retail brand they are probably going to be in Q Mall," says Ivan Pachonick, director: retail consulting for JHI property services group, which is leasing the project. "The outstanding response from the retail sector reaffirms the strong demand and that the timing is right for a modern, regional shopping facility in Queenstown," he adds.

The new shopping centre is also located immediately opposite the proposed new 15 000sqm government and municipal office precinct at Komani Park, which together with surrounding proposals for 20 hectares of new affordable housing was recently put out to tender.

Billy Forssman of Eris Property Group says that this is a clear indication of the importance of this area of Queenstown as the growth node for the town. "With a total of over R1 billion being spent here over the next two years we look forward to further developments to ease the pressure on the CBD. Queenstown's centre is still largely as it was laid out in the 1800s and times have changed. There are major difficulties associated with trying to access services as well as shopping there, from parking issues to congested and broken pavements and long walks between different shops. This new node will bring together all the goods, services and government departments in a single, clean, convenient and easily accessible location." ■

Epson signs Kolok as distributor for consumer retail products

Epson Southern Africa has appointed Kolok, a member of the Bidvest Group, as an official distributor for consumer products into the retail channel.

According to Epson Southern Africa general manager Kelvin Reynolds this forms part of the company's latest initiative to improve the integrity of its channel in Southern Africa, by aligning with partners that specialise in various industry segments.

"Epson is pouring investment into ensuring that its channel is as strong as ever and that it is able to meet the demands of users across a wide variety of industry sectors for the years to come," says Reynolds. "Epson is in the process of updating its business models, modernising its rebate schemes and adding a number of benefits to its existing channel programmes, which will be targeted for implementation from the beginning of our new financial year."

Consumer product offerings will be an increased focus for Epson into



Kelvin Reynolds – consumer product offerings an increased focus in 2011.

2011 and, to this end, the company's appointment of Kolok aims to strengthen its distribution capacity both in South and southern Africa.

"With ten very successful years of distributing Epson's supplies and consumables range, Kolok's reputation precedes itself, and with its large local and southern African footprint of branches, Kolok is an obvious

partner for us to take on the additional responsibility of our consumer product range," Reynolds continues.

Kolok managing director Allan Thompson says that Epson and Kolok share a common goal – to deliver high quality products and services to their respective customers, and to ensure that the brands they represent become synonymous with the best that the technology industry has to offer.

"We welcome the Epson hardware distribution to the Kolok portfolio and look forward to growing and taking Epson consumer hardware to new heights," says Thompson.

"By appointing Kolok as an official consumer hardware distributor, we have no doubt that Epson is not only strengthening its own brand presence in the consumer retail industry, but also providing Kolok with the necessary products, training and support that will satisfy its customers' and end users' appetite for Epson products and services." ■

JD Group, Steinhoff enter into exchange deal

The sale of JD Group's Polish furniture retail business, Abra to Steinhoff International for R134 million (through an issue of 60 million shares at R50 a share), see a Steinhoff become a significant shareholder in JD Group, with a 26 per cent stake in the furniture retailer.

In exchange, JD Group is to buy Steinhoff's South African retail assets, Unitrans Auto for R3 billion and Steinbuild for R169 million (through an issue of more than 3.3 million shares at R50 each).

Motor retailer Unitrans Auto has 82 retail outlets in South Africa and its portfolio includes brands such as Toyota, Volkswagen, Audi, General Motors, Nissan, Mercedes Benz, MAN, Renault and BMW.

Building material supplier and DIY business Steinbuild comprises Timbercity, Pennypinchers and Tilehouse retail



Grattan Kirk – Steinhoff an ideal fit.

outlets.

Both companies are high-quality assets and an ideal fit with our retail and consumer finance strategy," says JD Group chief executive officer Grattan Kirk. "The deal will enable us to strengthen our balance sheet and retain significant

capacity to invest in growth.

"JD Group is an ideal partner for us and provides the platform for which to roll out a mass-market retail concept which can leverage off our international household goods supply chain and extensive retail knowledge," says Steinhoff southern hemisphere chief executive officer Danie van der Merwe. "The agreement meets our intent to identify future growth opportunities and supports the continued roll-out of our retail interests in southern Africa."

The transaction will combine Steinhoff Africa's retail assets with that of the JD Group. The combined JD Group's pro-forma revenues are expected to be more than R25 billion, an increase of 91 per cent from the R13 billion reported for the year ended 31 August 2010.

The transaction is expected to be completed by 30 June. ■

New brand manager at Johnson Tiles



Jeanine Arundale – joined Johnson Tiles in February.

Johnson Tiles has appointed Jeanine Arundale as its new brand manager.

The company is a local manufacturer of glazed ceramic and glazed porcelain tiles at its tile plant in Olifantsfontein, Gauteng.

Arundale joins Johnson Tiles after six years as a communications analyst for the southern Africa region at Timken South Africa, a manufacturer of highly engineered bearings and steel.

She matriculated from Sunward Park High School in 1997 and

obtained a BCom degree in marketing management and a BCom honours degree in business management from UNISA. She started her career as a procurement assistant in the mining industry at G&H before joining Timken South Africa.

Arundale's experience in the manufacturing environment will stand her in good stead while she oversees the brand communications for this reputable tile producer.

"Johnson Tiles is highly regarded in the industry because of the quality of its tiles and this provides me with a good base from which to work," she says.

Having visited a few of the retailers that stock the company's tiles, Arundale noticed that limited information about the different types of tiles is on hand to help consumers make an informed decision.

"There is much more than just the price and colour of the tile to be considered and here is an opportunity for us as a manufacturer to make sure we get these messages to the market," she says.

The demand for lower prices and competition caused by cheap imports are putting the tiling manufacturing industry under pressure.

For Johnson Tiles, opportunities for growth can be found in partnerships with large well-known retailers that share its operating philosophies and values.

"We are looking at investing in new technologies as part of our strategy and this will lead to exciting new products that I look forward to communicating to consumers," says Arundale.

Her advice to aspiring youngsters is to never stop learning and listening.

"If you have an idea that you feel strongly about, push it until someone takes you seriously and don't give up," she says. ■

CEA Recruitment

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Walmart will ask Lamberti to stay

Walmart intends asking Mark Lamberti to remain as independent non-executive chairman should the acquisition of 51 per cent of Massmart by Walmart be approved by the Competition Tribunal.

Lamberti has indicated his willingness to accept such an offer, which will see him lead the process of selecting a new board post the conclusion of the tribunal hearings.

Lamberti was appointed managing director of the ailing six-store Makro chain in 1988. After successfully repositioning the chain, he founded Massmart in 1990 to pursue an



Mark Lamberti – *keen to stay.*

aggressive growth strategy in high-volume, low-gross-margin, low-expense retailing and wholesaling. In 1996, he was appointed executive chairman of Massmart and from 2003 chief executive officer and deputy chairman of the board. At the end of 2007 he relinquished his executive role to become non-executive chairman.

Lamberti's role as architect and leader of Massmart has been widely recognised with numerous awards, including that of Ernst and Young South African Entrepreneur of the Year in 2001.

Walmart intends to comply with King III and BEE principles, and the current succession plan for the Massmart board will remain in place but will be adjusted

in respect of the new membership. Lamberti believes that the transaction will accelerate Massmart's progress in the interests of all stakeholders and, if the transaction is approved, looks forward to being part of the new board that will direct the future of the Group.

Walmart International CEO Doug McMillon states: "We are hopeful for a positive outcome at the tribunal hearing and look forward to working with the Massmart team to continue to serve customers in Africa."

The Competition Tribunal conducted hearings into the transaction towards the end March, and at the time of going to press, was expected to deliver its ruling in early April 2011. ■

Retailers fall victim to fewer crimes

Retail crime statistics have decreased considerably over the past year, with armed robberies decreasing 43 per cent and burglaries dropping 26 per cent when compared with figures reported in 2009, the Consumer Goods Risk Initiative (CGRI), a business unit with the Consumer Goods Council of South Africa that specialises in crime prevention in the retail industry, has revealed.

"The 2010 crime figures are the lowest

we have ever recorded," says CGRI manager James Oosthuizen.

The number of armed robberies reported in 2010 decreased to 159 compared with 282 incidents in 2009, while the number of burglaries dropped to 311 when compared with 426 incidents reported in 2009.

"To claim the honour for ourselves would be presumptuous; the credit should go towards the SA Police

Service and its members who sacrifice their festive seasons to protect us," Oosthuizen continues.

Financial losses by retailers as a result of crime also fell substantially. A financial comparison on robberies indicates a 48 per cent drop to R10.03 million from R19.36 million in 2009. For burglaries there was a 49 per cent decrease to R10.07 million from R19.97 million in 2009. ■

Deloitte releases technology predictions for 2011

A key trend in technology, media and telecommunications (TMT) over the last ten years has been convergence, where experts see that the TMT sectors are now more interconnected and interdependent than ever before. Consequently, developments in each sector are inextricably linked, this according to Deloitte's recently released TMT predictions for 2011.

Emergence of tablets and Wi-Fi as real players

Deloitte predicts that more than 50 per cent of all computing devices sold globally will not be PCs and that 25 per cent of all tablet computers will be bought by enterprises; this figure is likely to increase in 2012 and beyond.

While PCs will still be the workhorse computing platform, tablets will shortly replace computers for mobile executives. Security of data on the move will then be a serious consideration on the risk management menu. Also, as tablets are small and portable, they are a popular target so there are likely to be a host of security-based solutions emerging to protect company and personal data.

Businesses will soon realise that this item is appearing on their 'grocery' list, increasing their IT costs due to the variety of different architectures and operating systems to support.

Wi-Fi outstripping 3G

The volume of data uploaded or downloaded from portable devices via public Wi-Fi networks will grow at a much faster rate (25-50 per cent) than the volume carried over cellular broadband networks. The growth in Wi-Fi only devices sales will outstrip that of 3G devices. The bulk of this growth will be video data, with Wi-Fi likely to become the default network for video applications. This could undermine the

"Retailers must stay abreast of shifting public sensitivities about online tracking practices"

data revenue model of mobile and line operators. The answer is to 'own' all the channels (landline, mobile, Wi-Fi, and TV) to the customer, which follows the lifestyle of the user versus fulfilling a primary technology function only.

It is also likely that South Africa will follow the trend in the US, where big retailers will begin offering free in-store Wi-Fi access to shoppers to enable in-store online comparison shopping. This will increase revenue, keep them in the

store longer, guide them in the store, answer their questions and collect data about them. Retailers must understand and stay abreast of regulatory changes and shifting public sensitivities about online tracking practices to strike a balance between maximising revenue and respecting customer privacy.

Games

With access to broadband, Deloitte predicts a significant growth in gaming. Consumers will surely have noticed how much more space in toy shops is now occupied by electronic media. The age profile for gaming also varies across the range with the older users having access to disposable income and the younger profile users influencing purchasing spend. There is also a likely decline in gaming hardware sales of almost 20 per cent, but an increase of gaming software revenue of six per cent.

An increasingly large percentage of games revenue is likely to come from monthly subscriptions, peripherals, fees for services and in-game purchases and advertising in the free-to-play (F2P) and 'Freemium' markets.

The games industry appears to be following in the footsteps of the enterprise software market. Two decades ago 90 per cent of enterprise software revenues were one-time licence sales – equivalent to buying a game disc – and there were virtually no follow-on revenues or service fees. Today, many software companies derive more than half of their revenues from services and subscriptions and licence fees are much less critical.

Although this change was disruptive to the industry, most enterprise software companies found that after the transformation they were still able to grow profitably while enjoying less revenue volatility. The games industry might be able to learn from their experience, leveraging best practices from the enterprise software industry while developing new best practices of its own.

With this increase, technology platforms for games are also likely to proliferate further as the smartphone market share grows in South Africa. ■

Blu-ray sales up in Western Europe, Japan

According to media control GfK International's 2010 Year End Home Video Retail Sales Report, based on actual point-of-sale data, year-over-year Blu-ray unit sales to consumers increased in Western Europe by 76 per cent. While combined retail sales of DVD/Blu-ray units declined 4.8 per cent in Western Europe, video retail markets in Germany, France and Finland performed better than the previous year.

"A slower adoption rate of the Blu-ray format in Western Europe is the prime lagger for some key retail markets in Western Europe not able to offset declines in sales of standard definition DVD," says

media control GfK USA president Brad Hackley.

The Japan video retail market remained somewhat buoyant from the prior year, with combined retail sales of DVD/Blu-ray units declining only 1.73 per cent. The video market in Japan was stabilised by its robust Blu-ray sector, which increased 120 per cent in unit sales.

media control GfK International's 2010 Year End Home Video Retail Sales Report provides total market estimated DVD & Blu-ray retail unit sales for four regions: Western Europe, Eastern Europe, Japan and Australasia. ■

3D won't prevent Britons spending less on electricals

By the end of 2011 sales of electrical goods will have fallen by £2.2 billion (about R25 billion) compared to 2007, as the golden age of new products comes to an end and new technology like 3D struggles to have an impact on the market, finds UK-based Verdict, one of the Datamonitor group of companies.

Research by the independent retail analyst has revealed that while the decline is now diminishing, the market will contract by 0.9 per cent this year. This makes the electrical market one of the worst performing in retail, as total retail will grow by two per cent in 2011.

Verdict senior analyst Matt Piner says: "Up until 2007 the electricals market was doing well, driven by a raft of new technology, including flat screen TVs, digital cameras and laptops. There was also a surge in the popularity of gaming brought about by third generation consoles such as the Xbox 360 and Nintendo Wii. There has since been a drought in new technology, however, which has severely impacted the

market. This isn't a consequence of the recession alone."

A downer for Dixons *et al*

None of this bodes well for the UK's beleaguered electrical retailers. Between 2007 and 2010 Comet's profit fell by 72 per cent, Dixons Group by 69 per cent and Argos (which drives more than half of its revenue from electricals) by 18 per cent.

But perhaps the biggest setback has been suffered by US retailer Best Buy. The North American giant has been forced to extensively scale back its ambitious UK opening plans and has seen a number of high profile executives depart.

The lack of exciting products to sell has been exacerbated by high unemployment, low consumer confidence, squeezed disposable income and a weak housing market. Consequently, sales of large appliances such as fridges, freezers and washing machines have sunk to pre-2000 levels.

Discretionary products like computers have seen much longer replacement cycles.

Still opportunities, however...

For the best retailers – those with strong service, good product ranges and clear value – there are still opportunities on the horizon. The most significant of these is for 3D technology, which many retailers are hoping will give fresh impetus not only to TVs, but also to a whole range of products.

Piner continues: "3D technology won't do enough to turn around the fortunes of the electricals market in 2011, but it will give a boost to the best retailers.

"It will aid sales of products like games consoles, cameras, laptops and smart phones, as the technology is adopted by more electrical goods.

"Overall, however, in comparison to the last few decades, there is undeniably less for consumers and retailers to get really excited about." ■

Sony taps possible successor to Stringer



Howard Stringer – *staying on for now.*



Kazuo Hirai – *successor to Stringer?*

Japanese giant Sony has appointed Kazuo Hirai, the head of its PlayStation game business, to a new key position, in a move that may anoint him as a successor to chief executive Howard Stringer.

Hirai will run a group that merges Sony's networked products and services division, responsible for PlayStation games and Vaio computers, with the firm's core electronics such as TV, home video, home audio and digital imaging.

Hirai is a longtime executive with the firm who played a major role in developing Sony's PlayStation business in the 1990s. From 1 April 2011 he will become executive deputy president.

Stringer says he is staying on as CEO for the foreseeable future "to lead the company through the next state in its transformation".

However, in comments reported by the Wall Street Journal, Stringer said Hirai's promotion was the first step in a succession plan: "He is the leading candidate. It's because of his consistency and a continuation of the convergence strategy." ■

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The grey world of parallel imports

Each year, counterfeit and grey products cost official distributors and retailers millions of Rands in lost revenue, sub-standard returned products and legal proceedings. And, with the growing number of 'drop-shipper' operations in the online space, the distribution and purchase of grey goods across the technology, consumer electronics, motor, textile and entertainment industries shows no sign of abating.



There are two categories of grey products: those that are genuine products, but are imported without the legal sanction of the manufacturer or their authorised distributor (the possibility of these goods having been obtained illegally cannot be discounted), and those products that are not genuine products but are branded as such. For the relevant brand this certainly poses a large risk where products can be seen as inferior and brand perception tainted.

Samsung Electronics South Africa chief operations officer George Ferreira says: "Fraudsters are making great headway in developing counterfeit products that look almost identical to their branded counterparts and selling these as 'legitimate' branded goods within similar price brackets. The problem here is that consumers buying these goods are being exposed to inferior products, and are not offered the crucial back-end support and customer service associated with genuine products."

"Grey importing is, by definition, a parasitic business practice," says Sony senior

manager brand management Andrew Fraser. "By taking advantage of the official distributor's advertising and marketing, brand goodwill, service infrastructure and regulatory compliance, the grey importer has lower costs and can undercut the market price."

"Businesses need to find a way to

"Grey importing is a parasitic business practice"

manage the import and export of these grey products as well as ensure that consumers are effectively educated on how to identify grey products and why they should not be," Ferreira continues. "The crux of this issue is disclosure. Grey goods are legal, and in many cases cheaper than their non-grey counterparts, but consumers have

the right to know that they aren't imported via the authorised channels, and that any warranty offered isn't backed by the official repair agents."

According to the new Consumer Protection Act, suppliers are required to warn consumers, with a conspicuous notice, that branded goods have been reconditioned or that they have been imported without the approval or licence of the registered owners of the trade market, as the case may be. But how effectively this will be enforced remains to be seen. Samsung has decided to be proactive.

"We are very concerned about grey Samsung products on the market and as a result, have developed a new sticker which will clearly indicate to consumers that the product is destined for South Africa, and has the backing of a genuine Samsung warranty," says Ferreira.

"We would like to encourage all shoppers to question the legitimacy of their purchases and be sure that all Samsung products carry the Samsung Genuine Seal." ■



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That embrace you, Making life tasteful!**



Kelvinator ECO ovens carry an 'A' Energy Rating which allows for much lower electricity consumption.

These ovens use multiple-layered glass doors for superior heat retention inside the oven while keeping the outside of the oven at a safe temperature. Again, less electricity is used during the cooking process.

Kelvinator's range of gas hobs and cookers offer an energy efficient method of cooking while still obtaining professional cooking results.

These features will save you money and help save your environment. Leaving a green footprint for future generations by trusting Kelvinator ECO appliances.



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The time for 3D is here and now

The market for 3D in television and video games has made significant progress and is proving to be extremely profitable. 2010 proved to be the year of 3D, as eight out of the top 20 highest revenue making films at the box office had a 3D version, compared to only three films in 2009.

According to a new report from PwC, this trend will continue and by 2015 over 15 per cent of all films will be produced in 3D.

PwC media and entertainment head Phil Stokes says: "A year ago the industry was grappling with some fairly major issues. Twelve months on, a number of these have been resolved including, on the technical side, the definition of a 3D Blu-Ray standard and progress on HDMI1.4. Meanwhile, Avatar's record-breaking success has raised consumer awareness of 3D and created an appetite in consumers for 3D entertainment."

"The growth of the 3D industry still has some challenges to overcome. While 3D films generate considerable revenues

for the cinema operators, the cost of converting from traditional prints to digital projection is still a major and, in some cases, prohibitively large expense. However, the clear mutual benefits for film studios and cinema operators are leading to innovative and practical cost-sharing partnerships to support a wide-scale digital roll-out."

DVD sales up

A high revenue-generating 3D film also impacts the sales of DVDs and, in the case of high grossing 3D films, DVD sales have also increased. High DVD sales continue to be critical to the economics of film production as they have the ability to generate over half the total revenues of a film.

The market for 3D televisions is less developed than that of the film industry and the affordability of TV sets is a major factor impacting the growth of the sector. However, prices are beginning to fall and that, together with the availability of

attractive 3D content, is helping to grow the market. However, the wearing of 3D glasses to watch programmes is still a major issue. Major sporting events such as the Olympics and football World Cups also have an impact on the sales of TVs, as viewers unable to attend the events in person, willingly pay for the best quality experience at home.

Many market sources also feel that there is a natural fit between video games and 3D as the players demand immersive game play. However, currently 3D reduces both the resolution and the frame rate so there's a reluctance, both from the industry and in apparent consumer demand, to increase the production of 3D video games.

New frontiers

The mass market potential of 3D entertainment still remains unclear. However, there is potential across all

December 2013 the cut-off date for analogue TV

South African consumers may be able to begin buying set-top boxes for digital terrestrial television in little over a year from now, but the full switchover from analogue could take far longer.

SABC chief technology officer Richard Waghorn says a number of parallel but interlinked processes are now being finalised before manufacturers can begin building the set-top boxes that South Africans will need to receive digital broadcasts. Government has set a deadline of December 2013 for the process to be completed.

According to Waghorn, the South African Bureau of Standards (SABS) is revising the set-top box standard after government decided to adopt the second generation of the European standard for digital terrestrial television. The country had previously decided to adopt the first generation of the standard. Among other things, the SABS must decide whether the country will use standard-definition (SD) or high-definition (HD) profiles for the set-top boxes.

Standardisation

A parallel process is underway to standardise the interactive television service that will be used for the electronic programme guide and other software elements on the decoders.

Waghorn says standardisation of the interactive television component should be completed in May. Broadcasters are already working on a prototype user interface for the electronic programme guide.

It's important that consumers enjoy a common user-interface experience, something that requires significant co-ordination and co-operation between broadcasters.

Control mechanism

The next process involves defining the control mechanism that will be built into the set-top boxes to ensure decoders subsidised by government for purchase by poorer households are not simply bought here and exported. The control mechanism is also meant to ensure the market isn't flooded with grey imports and that local manufacturers benefit from digital migration.



Richard Waghorn – *plenty of ground still to be covered.*

Only once all these processes have been concluded – which Waghorn expects will happen by June or July – can manufacturers begin building the decoders. It will take a further nine to 11 months before the decoders become available

“The first devices should go on sale sometime in the second quarter of 2012”

to the public, so, assuming nothing goes wrong, the first devices should go on sale sometime in the second quarter of 2012, or just over a year from now.

Content and channels

Plenty of other ground must also be covered. Broadcasters need to define content and channels for the new digital platform. Because digital technology makes much more efficient use of radio frequency spectrum, licensed broadcasters such as the SABC, M-Net and e.tv will be able to offer many more channels than they do now.

On the transmission side, Sentech is already fairly well advanced in rolling out a digital television network, having covered about 60 per cent of the country's population to date. It's in the process of migrating this equipment to the second

generation of the European standard.

The Independent Communications Authority of SA (Icasa), which manages radio frequency spectrum, has allocated two multiplexes, or chunks of spectrum, to South African broadcasters. The SABC has 90 per cent of the first multiplex, with M-Net and e.tv sharing the second. The first multiplex should eventually cover about 90 per cent of South Africa's population, with the second covering between 50 and 90 per cent.

Plenty of spectrum

Waghorn says that once the analogue signals are switched off, there will still be a significant amount of spectrum left over that can be used by Icasa to licence broadcasters in additional multiplexes.

Even if additional multiplexes are introduced for digital television, Waghorn says there will be plenty of spectrum for telecommunications operators wanting to use the UHF (ultra-high frequency) band for deploying the next-generation of wireless broadband technologies. One of the key advantages of digital migration is that a portion of UHF will be freed up for this purpose.

But much work must still be done before Icasa can begin allocating this spectrum. In many respects, the migration to digital television is less a technology project than a massive consumer-change project, Waghorn says.

Marketing will form a cornerstone of the migration – ensuring consumers understand what is happening, why it's happening and how it affects them.

“This will probably be largest-ever consumer-change programme in South Africa's history,” he says.

As for the SABC, the public broadcaster is revising its business plan for digital migration in light of the switch to the second-generation European standard. This should be concluded in the next three months, Waghorn says.

“A lot of infrastructure is already in place or going into place as we speak,” he says, adding that a big cost of migration will involve marketing the benefits of digital migration to South Africans. ■

Source: TechCentral

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LED LCD TVs use compact technology to full advantage, designing modern, super slim sets of perfection.



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Hisense's new range of LED flat panel televisions offers hi-tech fanatics a great opportunity to own cutting edge technology at an affordable price.

But what is LED, and why is it better than Plasma technology, or LCD?

The crystal clarity produced by LED (Light-Emitting Diode, get it?) enhanced imagery is partly due to the millions of pixels in its liquid crystal display.

However, with LED backlighting (as opposed to fluorescent backlighting), the result is a sharper, super enhanced colour image as real as life itself.

The advanced LED backlight system gives crisp control over dark and light images so light leakage is eliminated.

You'll even have a more impressive viewing experience with an LED television than you might with a larger, standard LCD television.

Every Hisense LED television is packed

with all the features of more expensive television brands:

- Long life super slim screens.
- Non-reflective screen for perfect vision, even in sunlight.
- Play movies directly from USB port.
- 40% savings on electricity costs.

With consumers realising that most brands offer the same tech at prices based on popularity, they're turning to reliability.

Hisense is one of the leading providers of flat panel TVs, is sold in over 130 regions around the world, and directly backs our 2-year warranty, so consumers don't have to rely on stockists for repairs.

Considering that Hisense sets are on average R2000 less than other brands in their category, it's fairly obvious that Hisense will be the most likely choice for a consumer to consider when purchasing an LED flat screen for the first time.



Hisense LED

2011 CE trends – 3D with and without glasses, web meets TV, 3D coming to cameras and camcorders

Due to the rapid pace of innovations the consumer electronics industry is constantly setting new standards. The merging of television with the internet, media and devices in 3D and HD, the massive upsurge in sales of tablet PCs, apps and smartphones, as well as networking for the home and for people on the move are setting the trends in 2011. One of the world's most important trade shows for consumer electronics, IFA in Berlin, will be presenting the entire range of innovations from every branch of the industry from 2-11 September.

3D – diverse range of new image sources

3D is already an established feature of today's televisions and is accounting for an increasing share of the range of equipment now available. 3D is no longer restricted to top-of-the-range sets. This new technology now looks set to occupy a firm place in the mid and lower price ranges, and that is the target for 2011.

The 3D glasses are now much lighter and, due to the use of special geometry, can be worn much more easily with normal spectacles as prescribed by opticians. Moreover the industry is now working to create common standards for infra-red shutter lenses. This would make products from different manufacturers compatible, and competition will thankfully help to reduce prices. In accordance with a proposed new standard, current infra-red technology would be replaced by radio signals, giving viewers greater freedom of movement.

The "passive" spectacles with single polarisation lenses that are frequently used in cinemas are another option. They can be manufactured extremely cheaply but do require the use of a special 3D screen which has a polarising coating. One disadvantage of this method is that the 3D images have only half the vertical resolution. However, on the plus side, the images for the right and left eye are displayed simultaneously, helping to produce movement sequences that are steady, with a distinct lack of judder and

flicker.

Alongside current solutions, in the medium term 3D TV without glasses will play an increasingly important role. The first mass produced sets are already on sale in Japan, although this initial generation only has small screen formats while the prices are comparable with those of high end equipment. By the time IFA takes place in 2011 the first sets with screens in excess of 40 inches will be coming onto the market. Prototypes with 65-inch screens are already in existence, some of them with 4k resolution (this is more than four times the number of pixels offered by full-HD screens). However, it will be some time before glasses-free 3D TV is available in the same price range as present-day 3D sets with shutter lenses.

From 2011 onwards the 3D market will be influenced increasingly by peripherals with 3D capability. Almost all of the new Blu-ray players can reproduce movies in 3D. For amateur movie-makers and photographers too 3D is a rapidly expanding field: at IFA 2011 the industry will be presenting a whole range of new 3D camcorders and digital cameras with 3D capability.

TV and web – the best of two worlds on one screen

Catch-up TV, mediatheques, video clips from Youtube pages, the world of social networks from Twitter to Facebook, slide shows from providers of online photo services, weather reports, up-to-the-minute news, sports results, stock market prices or communication via Skype: all of this content from the internet can be seen on the same screen as that used for traditional television viewing. App icons, similar to the virtual keypads on smartphones and tablets, provide access to the content and applications. Each manufacturer offers a slightly different approach, with terminals defining their own, rapidly expanding portals. Some manufacturers have already created development communities for TV apps, combining various forms of IT creativity.

In addition to apps, some sets also

include browsers for internet access, as on a PC. Special operating apps with virtual keypads on smartphones or tablets, and connected with televisions via the wireless network for the home, are an ideal way of navigating through such pages on the screen.

The merging of television with the internet has been a growing trend over the past two years, and will acquire even greater importance in 2011 and the years that follow. It marks not only a significant technological trend, but also a latent paradigm shift in business models within the CE sector. In future, commercial success will be largely defined by the successful combination of the features installed on terminals and the range of available content, and by cross-sectoral cooperation between the hardware and content industries.

Wireless and easy to use – images and sound in the home network

Archive systems such as media shelves and racks, albums or shoe boxes are a thing of the past for pictures, music and videos, which can now be stored digitally on PCs, notebooks or network hard drives. Moreover, home networks enable them to be accessed by virtually any kind of modern digital terminal, such as a smartphone, a networked television set or a tablet PC.

The trend towards networked media usage has also had a lasting impact on the hifi world. Nowadays a vast range of music components and surround-sound systems can be linked to the home network, either wired or wirelessly, in order to access and play back centrally stored collections of music. In such scenarios smartphones are an ideal and simple form of remote control, with special apps that invite users to find their way around a wealth of stored music.

Radio also occupies a firm place in today's home media infrastructure. In most cases audio devices linked with the home network can also be used to access the enormous range of domestic and foreign radio stations that are now available on the

The Bauer range covers all segments



B116 - 610mm Wide stove with storage drawer



B126 - 610mm Wide stove with warmer drawer



B336 - Undercounter oven and hob

The Bauer range of cooking appliances covers all segments, whether it be for a humble RDP home with the 3 plate stove on a stand, student lodging with the 3 plate stove in a cabinet, built in under counter oven and hobs in black or stainless steel, 4 plate cable free standing stoves 500mm or 610mm wide which are available in white or black, 3 plate plug in stoves with oven, all the way up to 90cm stainless steel built in ovens with matching 77cm ceramic touch control hobs ideal for the most upmarket home.

The B116 and B126 are 610mm wide stoves complete with glass control panels for long lasting good looks and concealed oven elements for a huge saving on electricity. Finished in long lasting vitreous enamel, they have the ability to retain their good looks for an extremely long period.

Bauer caters for the complete spectrum of gas cooking as well, starting with the humble 4 burner enamelled hob right through to the 5 burner stainless steel with flame failure. The normal 4 burner gas stoves are also in the range and the locally produced BG 114 which can bake, cook and grill simultaneously, is also part of the range.

Bauer has 2 plate electric Domino hobs in black enamel and stainless steel available for the market and this has really become an optional extra in the more upmarket homes.

The BUFFET 700 food warmer is a sophisticated addition for the home that does a lot of entertainment and the Drop In warmer trays are sought after by kitchen companies chasing the USP in kitchens. Bauer also has the warmer tray with stainless steel surround available.

The pictures presented are only to inform the reader of the broad spectrum of units available from Bauer.

All units are serviced by Independent Appliance Services nationally and Bauer has a sales team which covers Southern Africa.



BUF700 - Buffet food warmer trolley



MODS3 - 3 Plate stove on a stand



MODT1 - 3 Plate stove in a cabinet

Bauer
appliances

Panasonic combines two technologies in new camcorder

With the HDC-SD700EPK Panasonic camcorder – which unites two advanced technologies – memories will be sharper, more vibrant and more poignant with colour reproduction taken to new levels of excellence.

The camcorder's advanced 3MOS system delivers high-sensitivity performance and captures vibrant colour, even in dimly lit rooms or outdoors at night.

It gives clear, beautifully coloured shots of night-time scenery, evening parties and opens up a whole new world for capturing memories at night.

The 1080/50p recording improves sensitivity, reduces noise by half and allows twice the information of interlace recording.

Compared to the conventional interlace method, the 1080/50p not only contains twice the amount of information, but also greatly increases image density and makes even the tiniest details clear. It smoothly reproduces the images of fast-moving subjects without leaving after-



Panasonic's HDC-SD700EPK camcorder unites two advanced technologies.

images, which makes it ideal for shooting sports scenes as well as landscapes.

Perfect Panasonic partner

When speed is needed, the SanDisk Extreme® 30MB/s* Edition SDHC™ card will ensure users get more out of their Panasonic camcorder, with SanDisk's

fastest SDHC™ card.

The card allows the user to shoot hours of material without having to download and erase before changing cards, and as a class ten card, it exceeds the requirements of a high definition video card.

The card is available in 4GB, 8GB, 16GB and 32GB. ■

The time for 3D is here and now

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delivery channels:

PwC anticipates that by 2015, 15 per cent of new films will have a 3D version. The major Hollywood studios are predicting that 25 per cent of their films will have a 3D version but the smaller studios will struggle. The production of 3D films in Europe, China, India and Japan will also increase. There is also expected to be 100 per cent adoption of digital distribution among the multiplex and large urban theatres in the medium term.

The current offerings of 3D television will continue to increase as prices for TV sets continue to fall and PwC expects TV promotional campaigns around major sporting events such as the London 2012

Olympics to be in 3D.

Some consoles can already be upgraded and used to play 3D video games. However, the real increase in the availability of 3D games will be seen when the next-generation of consoles is available.

3D Internet content will develop but its adoption is expected to remain limited to the early-adopter segment. There are 3D-ready laptops already available but the price premium they command limits their market attractiveness.

When it comes to 3D mobile phones there are still problems with the interoperability among the different standards – a 3D picture captured on one model cannot be displayed on a 3D model from a different manufacturer. But the

first 3D auto-stereoscopic mobile phones are already available in Japan and will be introduced in Europe and the US shortly.

The introduction of 3D portable phone game consoles (such as Nintendo 3DS) will boost 3D mobile penetration.

PwC media and entertainment partner David Lancefield adds: "The opportunities and possibilities for 3D continue to generate great excitement within the industry, with many companies predicting increased revenues from 3D.

"However, in their attempts to make money and adopt 3D universally, the industry must ensure that they continue to deliver high quality content. If the quality drops, so does consumers' enthusiasm for 3D and their willingness to pay a premium for the experience." ■

Clearer, larger screen delivers 'outstanding' 3D experience

LG Electronics is billing its new 72-inch LZ9700 as "the world's Largest Full LED 3D TV" which, at 59 inches wide and 40 inches tall, the LZ9700 will enable viewers to see life-sized action on a "beautifully crisp picture".

The LZ9700 combines the ultimate in LG's 3D picture quality with the latest developments in connectivity and smart technology.

"With full HD resolution on an LED display, the LZ9700 delivers pictures as large and colourful as paintings at an art gallery," says LG Electronics South Africa marketing manager Michael Bang. "The extra spacious screen size also makes the picture more immersive than ever, offering viewers a 3D experience every bit as good as the screen in the local multiplex."

But the LZ9700 isn't just about a clear, big screen, Bang continues. This



LG Electronics' new Full LED 3D TV.

state-of-the-art TV is also fitted with LG's latest smart technologies, allowing viewers to also enjoy video streaming from YouTube and photos via Google's

free web photo service, Picasa. "Thanks to LG's intuitive and easy-to-use Magic Motion Remote Control, all of LZ9700's functions are simple to find and operate."

Further connectivity options come in the shape of a smart DLNA function, which lets users wirelessly access files stored on other media devices to enjoy them on the big screen.

Main Features:

- 3D TV (dynamic 3D)
- FULL LED slim with spot control (local dimming)
- 72-inch class
- INFINIA design: ultra slim depth, narrow bezel
- TruMotion 400Hz
- NetCast™ (broadband TV)
- DLNA
- Magic Motion Control ■

2011 CE trends – 3D with and without glasses, web meets TV, 3D coming to cameras and camcorders

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internet. In this way the web is currently evolving into one of the most important digital distribution channels for radio broadcasting.

Cameras and camcorders: HD, 3D and links to the net

High definition has more or less become the standard for today's camcorders. There is also a rapidly increasing range of models for three-dimensional movie-making. In many cases three separate image sensors are used to provide perfect picture quality, not only for top-of-the-range devices but also for pocket format compact units.

Increasingly digital cameras can be used for moving images too, a capability that is not only confined to individual product sectors. From pocket cameras to the best systems and SLR cameras, all of them are capable of producing videos in HD quality. And a number of models are

already available that can take 3D images. There are also various additional and highly practical functions such as an integrated GPS receiver, which automatically records the location where the shot was taken, or a WLAN connection, permitting immediate transmission of the photo or video. Integrated picture processing software and touchscreen displays also help to make these devices even easier to operate.

For the benefit of the planet – energy efficiency and green technologies

The power consumption, for example, of television sets has already fallen drastically in recent years, and this applies to those with LCD screens as well as plasma models.

This development has been accompanied by statutory regulations, but the industry itself, acting on its own initiative, has always been a major force in promoting the trend for reduced consumption, a trend that is being continued by the innovative new sets

being introduced in 2011.

It is no longer unusual to find sets of a size that complements any living room, with a consumption of well under 100 watts, yet capable of providing brilliant, high definition pictures.

The transition to LCD sets with LED backlighting is making a major environmental contribution too. They are replacing the luminescent tubes containing mercury as well as helping to reduce power consumption.

Other environmentally harmful substances were eliminated from the manufacturing process some years ago, such as flame retardants containing halogens and lead-based soldering compounds. Single-variety, labelled plastics also assist the recycling process. In this way the consumer electronics industry is not only improving the quality of life and making it more enjoyable, but it is also helping to reduce the environmental impact. ■

GfK

Flat panel TVs

GfK's flat panel TV (PTV) category consists of plasma, LCD and rear projection TVs. Monitors without TV Tuners do not fall within this category.

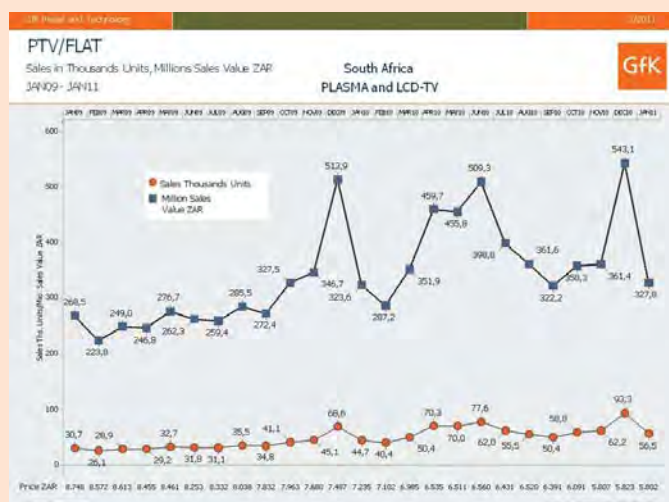
3D television making its mark

The PTV market has again had an outstanding year, recording exceptional growth rates in January 2011, compared to January 2010. One of the most exciting revelations has been that of 3D and LED TVs. Although both have developed from fairly small bases, they have increased six fold over the last year, with the most notable issue around 3D being not only the price for such a TV, but also the content.

Given that South Africa does not yet broadcast in 3D, the only available reference point for determining the impact of 3D TV on the consumer market is 3D DVD movies.

That said, prices of PTVs have eroded considerably over the last year and it is now possible to purchase a 40-42-inch 3D TV for less than R10 000. This was unthinkable a year ago when prices were static at around R20 000. This shift in pricing means that a Full HD 40-42-inch LCD TV can now be purchased for less than R6000.

will have a significant opportunity to attract those customers who have always wanted a 3D TV, but were more price-sensitive than the electro retailers' shoppers.



Opportunity for mass merchants

The mass merchants channel has yet again showed its strength in this sector, with an overall share of +50 per cent in PTV. Historically, the electro retailers have been superior to any other channel in selling "new technology". Their customers are rarely affected by perceived high price levels and as such are keener to become early adopters of technologies.

As prices begin to decrease, however, the mass merchants



A new chapter

South Africa embarked on a brand-new chapter in PTV pricing during 2010.

In January, around 52 per cent of all PTVs were sold at below R6000, and only 13 per cent was below R4000. By January 2011 around 67 per cent of PTV sales were below R6000, but a staggering 37 per cent of these sales were below R4000.

This trend of more affordable price points is set to grow even more over the next year. The largest inch class in the PTV segment has been the 32-inch sets which, coincidentally, have also attributed to the high share of all prices below R4000.

If closer attention is paid to the 40-42-inch class, however, it becomes clear that this segment could increase the price



bracket of R4000 > R6000 even further when looking at the offerings already available for models below R6000.

Don't discount plasma

The impact of plasma models within the PTV segment should not be discounted. The 50-inch plasma sets saw decent traction over the last year and could show further growth, with offerings of 50-inch Full HD models at times recorded at prices below R10 000. A year ago these same models retailed for around R18 000.

PTV has shown significant development in price and feature offerings, with the 32-inch LCD being the dominant class over the last few months. The promising point here is that within this inch class the growth is not in the traditional HD panels but in the Full HD panels. The price difference between the two categories means that the market average price can remain steadfast for the meantime.

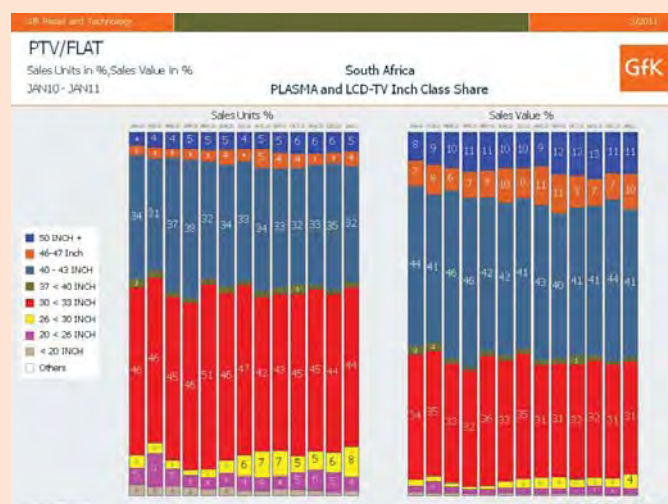
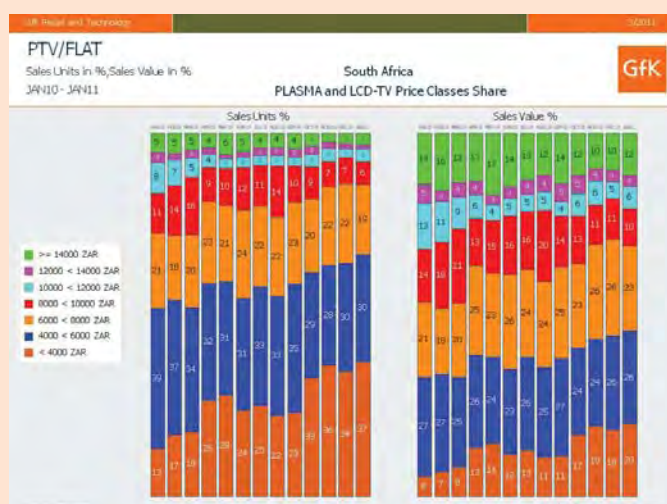
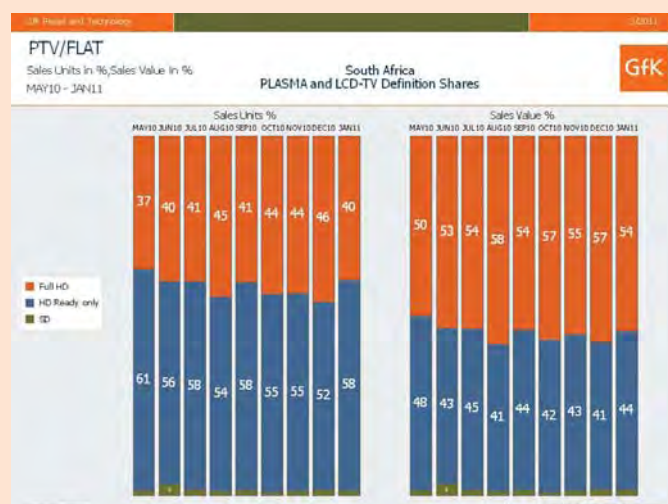
LED disappoints

LED has been rather disappointing in terms of unit growth but this could change, given the model ranges and pricing on offer.

The classic relationship between Full HD and Blu-Ray in the plasma and LCD classes has led to the growth of all-round Full HD, but more so in LCD than plasma). This trend has also led to the increase of sales in Blu-Ray DVD players.

In conjunction with TV broadcasts in HD frequencies, consumer choices in HD and Full HD make it more viable to purchase such devices.

Plasmas and LCDs can be found in many large sizes and it comes as no surprise that the larger sizes' price erosion and increase in model choice has led to the growth in these inch classes. This has been the trend more so in the mass merchant channel, which historically dealt more in the 32-inch segment than any other.



GfK tracks the sales of consumer durables through monthly retail audits done on model level. This audit is carried out across all relevant channels of distribution. GfK currently tracks and reports on over 60 product categories within the consumer electronics, domestic appliances, telecoms, IT, DIY and gaming markets.

Exhibitors *shine* as *flock to*



Omega Sofa



Aik Chee.



HGR publisher Ian Hughes was once again invited to judge the exhibitions at this year's MIFF.

This year's Malaysian International Furniture Fair (MIFF 2011) was once again held in that nation's capital city Kuala Lumpur from 1-5 March.

And having being once again invited to the fair as one of the selected international judges, I was in a unique position to evaluate the products and other merchandise displayed, and compare them with last year and other years. Moreover, it was inevitable that one also checked the popularity of the show by studying the numbers of visitors, both local and international and comparing those too with 2010 figures.

There can be no question that MIFF historically has been a massive attraction for companies in South East Asia. And the buyers have followed.

Under the visionary leadership of founder and managing director Dato Tan Chin Huat, MIFF has become a byword for efficiency, organisation and market leadership. Nevertheless and undeterred by the high standards set by MIFF, other international furniture fairs in the region (Singapore, Thailand, now Shanghai) have also helped draw attention to the fact that south east Asia has evolved into a dynamic and increasingly important furniture manufacturing zone of general excellence and one to be reckoned with.

And the other competitive Asian fairs have decided that

international buyers

MIFF 2011



Benel office chairs

**"MIFF has become
a byword for efficiency,
organisation and market
leadership"**

if Malaysia can do it and in so doing become a mecca for discriminating buyers of furniture, then so can they. Also the fact of MIFF and its success has undoubtedly served to boost and encourage the local manufacturing sector.

Now these are critically important issues – success breeds success and as MIFF's popularity and viability has grown over the years, it has undoubtedly become the target of competitors. Which is not a bad thing in any industry. Competition is the surest guarantee of quality, service and excellence and MIFF boasts these qualities in abundance.

2011, however, indicated perhaps a certain staleness. Yes, the exhibitors were there, albeit in smaller numbers and with a few notable absentees, but the quality of design did not seem to have developed significantly. Indeed disappointingly, with one or two rare exceptions, manufacturers seemed to believe that offering what had been successful in previous years would be good enough to show again. Buyers seemed to agree that they had seen much of what was on offer before and a general air of 'déjà vu' was strongly discernible.

This observation was confirmed at the formal prizegiving for the top designs when the chief judge reiterated his and





Vesarei



TNS Sofa Design

"Organisers must examine every option available to eliminate any staleness"

◀ page 27

his team's disappointment. And the product presentation in exhibitors' booths echoed the feeling that things were standing still. There was no real advance in thinking about how best to display products being exhibited to draw attention and to market to visitors.

Having said all this, let me make it plain that we spoke to many, many visitors who enjoyed their visit to MIFF once again and did satisfactory business. Indeed, over the years it has become plain that most visitors and buyers find what they are looking for – if not everything.

The theme and one which MIFF has played a strong role in disseminating is the emphasis on 'going green'. The irresistible trend globally is to produce environmentally friendly products and MIFF has sought to actively encourage local manufacturers (and others) about the critical importance of meeting green standards. So highly visible on many stands was furniture made from aged oil palm wood and even rice husks – previously regarded as useless materials. The innovative use of these materials will undoubtedly increase as more and more manufacturers learn how best to utilise them.

Nevertheless many companies have still not caught on and are using components that are anything but environmentally friendly, but we have little doubt that the educational process already put in place – combined with the demands of the market – will sort that particular problem out.

This year MIFF occupied space of over 80 000 square metres over two venues and with well over 500 exhibitors, it remains a huge magnet for buyers, and indeed, prospective exhibitors. Whether it be sofas, lounge furniture, bedroom furniture and



TNS Sofa Design

beds, dining room furniture, outdoor furniture, office furniture, children's and incidental furniture, it was all there.

And this year MIFF created the IDEATION award to promote design amongst students. Essentially, this is a competition held among students and young designers to identify emerging talents and to promote the furniture industry as a rewarding career option.

Qualities organisers were looking for were aesthetics, uniqueness, functionality, safety, environmental sustainability and global market appeal. Over 220 entries were received mostly from 13 institutions such as design schools, colleges and polytechnics and 11 of these entries made the finals.

The judges chose the designs that best reflected the new urbanism, innovations and sustainability. An interesting aspect of this competition was that the designs were actually prototyped in partnership with selected manufacturers to establish their usability. And of course a side effect was to bring these young designers into contact with top manufacturers as potential partners or employees.

So MIFF 2011 has to be adjudged a success once again, but there can be little doubt that if the show is to continue to grow and attract more exhibitors, and successfully compete in a highly competitive exhibitions environment in south east Asia, the organisers must examine every option available to eliminate any staleness and reintroduce a genuine and lasting excitement amongst exhibitors and buyers. ■

MIFF 2011 Furniture Excellence award winners



Dining category – Shibasaki Inc



Sofa category – TAZ Corporation SB (Gold award winner)



Bedroom & Bedding category – New PK Furniture Decor SB
(Gold award winner)



Outdoor category – Woodview Products SB



Occasional category – NRT Cascadia Home Products SB

World-first *pilot of unique intelligent tracking application rolling out in South Africa*



Barry Baetu – *"ITCS delivers a completely different way of thinking."*

Developed by Johannesburg-based auto-identification specialist company Harmonic Solutions, the new ITCS application has been successfully installed at two sites in Gauteng and is currently being rolled out to three more across the province.

Harmonic Group CEO Barry Baetu explains that ITCS is an advance on conventional barcode technology.

"First there were barcodes; then came RFID – barcodes on the move. Now there's ITCS: ultra-smart RF (radio frequency) technology that doesn't only identify a tagged item (assets and inventory), it also tells you exactly where that item is – and where it is moving to – in three dimensions, in real-time."

RF Controls lead field applications engineer John Chisum, who was in

South Africa is leading the way in the application of RF Controls' 3D Intelligent Tracking and Control System (ITCS) with the roll-out of a unique pilot project that takes the sophisticated technology to a new, very different level.

South Africa to oversee the initial implementation of the pilot project and provide additional training to the Harmonic ITCS integration team, says: "The utilisation of ITCS in the pilot being implemented by Harmonic breaks new ground for the application of this system."

The pilot involves the installation of just four "smart" antennae to cover an area of some 3 000 square metres, enabling real-time location – height as well as position – within the space of one cubic metre of 500 moving items. The system also tracks the speed and direction of tag movements.

The data collected about each moving item is then fed back to an intelligent application that analyses the changing reads and prompts the system to take further, appropriate action.

Potential retail application

According to Baetu, ITCS has potential application in the retail, logistics, EAS (electronic article surveillance) and inventory tracking applications.

US-based RF Controls has developed ITCS as a standards-based automatic data capture system. It achieves wide area zonal monitoring using innovative "smart antenna" technology.

Items are labelled using widely available standard, inexpensive, passive or battery-assisted passive UHF RFID

tags. These are used to identify, locate and track the tagged items in a three-dimensional space in real-time.

The tags can be used on any item, from clothing, electronic equipment and pharmaceuticals to cartons or containers (and their contents).

The smart antenna technology at the heart of ITCS can accurately determine the locations of RFID tags to within 30 centimetres in 3D. This advanced antenna system incorporates complex mathematical algorithms and signal processing techniques, similar to those that have been applied to military target acquisition and tracking systems.

Baetu says ITCS is remarkably cost-effective because a single antenna mounted on the ceiling or high on the walls of a warehouse or retail store can do the work of multiple conventional RFID reader systems, thus offering a lower capital cost than conventional portal readers.

Furthermore, ITCS delivers high fidelity data that is not provided by conventional RFID reader systems.

"ITCS offers a completely different way of thinking about the utility of passive RFID tags, offering unprecedented ability to identify, locate and track tagged items automatically. This opens the way for a myriad of innovative applications in a wide range of environments." ■

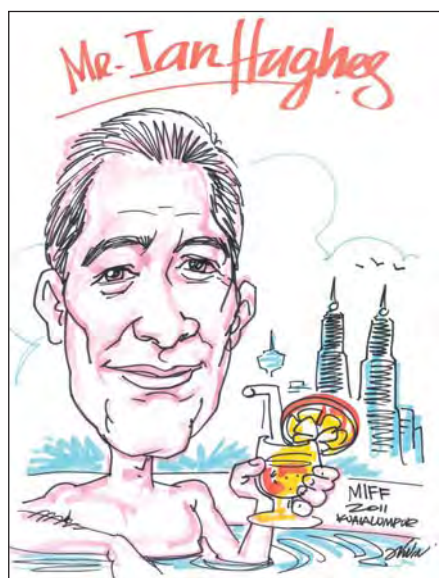
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TV shows the way



I cannot remember a time when opinions on the economic state of this country have been so divided, not to say confused. From our particular vantage point, and talking to a variety of retailers – large and small – and a number of suppliers in the furniture, appliances and consumer electronics fields, we are getting very mixed signals. How is it possible that companies that are trading and supplying in exactly the same market can produce such a variety of responses?

No one can even agree if we are still stuck in a recessionary environment. The problem is that many economic pundits are forecasting growth for this calendar year – 2011 – and whilst the percentage forecasts fluctuate like a pendulum, depending on who is making it, we are still faced with massive unemployment. And jobs are simply not being created fast enough to drive a consumer-led recovery. If there is growth then how can there be a recession? Or to put it another way, if there is inbuilt structural unemployment on a large scale, how can there be growth?

Our finance minister Pravin Gordhan has cut the threatening budget deficit for this financial year and even proclaimed that growth this year (yes, he is one of the bulls in this regard) might be higher than previously forecast. Something like 3.4 per cent rising to a truly encouraging 4.4 per cent in 2012. Well, if anyone should know, he should, but how does that square with some of the gloomy sentiments currently being expressed?

Many retailers have reported that they are experiencing flat sales and are not particularly optimistic that things will substantially improve this year. Of course, we know exactly where they are coming from. If you add to the high unemployment figures, the soaring cost of fuel (petrol), climbing almost on a monthly basis, the high food inflation, the massive electricity tariffs due to hit consumers very shortly (at the time of writing, not yet implemented), one is faced with a depressing scenario indeed. Where, oh where is the consumer spend going to come from? Disposable income will shrink even further, thus limiting spend on items which once again will be postponed, such as furniture and consumer electronics.

On the other hand, there is undoubtedly a better, more optimistic climate amongst much of business. Things are just not as flat as they were, they proclaim. And certainly, there is an almost palpable sense that the confidence of many businessmen has improved quite dramatically. If one looks at TV sales, the simply amazing development and growth of this market (even in these days) has been nothing short of staggering. And why? Because product development has been so revolutionary and exciting across most manufacturers, that they have poured money into marketing and advertising to capitalise. And capitalise they have. They have succeeded in creating a 'must have' attitude amongst many consumers. It's been a boom market.

So the lesson is clear. There is a market out there for new exciting products, whether it be in furniture, appliances, consumer electronics or even floorcoverings. But having the product is one thing, it then has to be marketed aggressively and imaginatively. The dividends will be enormous. ■



Galaxy Sleigh Bed



Romano Sleigh Bed

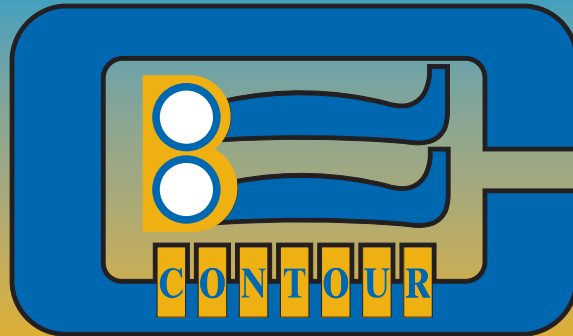
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