June - July 2012

# HGR

Home Goods Retailer

Prada

INSPIRATIONS by Bress Design to match your LIFESTYLE

Diane

Jolie

BRESS DESIGN

Diplomat

House of Motani "Lifestyle Centre"

"more milestones in the making"

777 Andries Street, Wynberg, Sandton, Telephone: (011) 786-4665, Website: www.motani.co.za

# Contents

## June - July2012

## Newsline



## Newsline International



## Industry Captains



## Dishwashers



## Diary



## Publisher's Comment






Home Goods Retailer

# Business is what you make it

"Business is still largely what you make it. By (constantly) reiterating that business is bad, managers hypnotise themselves into a state of helpless apathy."

The above are not my words, but the words of one of the most successful retailers of the 20th Century, Mr Harry Gordon Selfridge, founder and owner of one of the greatest retail emporiums in the world, Selfridges of Oxford Street, London.

And Harry Gordon Selfridge was not mouthing empty words and simply theorising. He, along with just about everybody else involved in business back in 1929, and with the economies of the world reeling from the effects of the Wall Street meltdown – the Great Depression was a fact of life – refused to be beaten.

While retailers across the globe panicked and hunkered down in their bunkers, Selfridge called a meeting with a cross section of his key suppliers and invited them to partner him in a joint plan of action to beat the depression. Trust me and you wont be sorry was the thrust of his invitation. They – retailer and supplier – each had a role to play and together they triumphed. Less than a year later Selfridges reported record pre-tax profits.

All sales records in all his 59 departments were broken. Selfridge put it down to new methods (innovative) of selling, new distribution channels and new attitudes to advertising and marketing. At the same time his competitors were wringing their hands and bleating about the impossibility of doing business.

The above account is not apocryphal but was recorded by Business Magazine in June 1930 in the depths of the Depression.

A lesson for us here? Undoubtedly! It is too easy (if understandable), for retailers and suppliers to become defeatist and wait for the storm to pass. If Selfridge could do it in those darkest of economic days, we can here. Retailers and suppliers are in this together. Then why not get together and jointly formulate aggressive and innovative plans to stimulate the market and entice it to buy? It must be an improvement on doing nothing!


## HGR Team

**Publisher & Editor-in-Chief**
Ian Hughes
Email: ian@hgr.co.za

**Sales executive**
Emma Nyschens
Email: emma@hgr.co.za

**Design & Layout**
Taryn Haley
Email: taryn@9it.co.za

**Special Projects**
Taryn Haley
Email: taryn@9it.co.za

**Administration & Subscriptions**
Loveness Banda
Email: admin@hgr.co.za

**Office**
203 Melrose Place, Willowbrook Close,
Melrose North
PO Box 41632, Craighall 2024
Tel: (011) 447 9326, Fax: (011) 447 9838
Email: info@hgr.co.za
www.hgr.co.za

**Printing**
Park Avenue

# AEG celebrates 125 years of design and innovation

Appliance manufacturer and supplier Electrolux is celebrating AEG's 125th birthday this year. AEG's rich and diverse heritage has enabled the company to continue to deliver award-winning inventions that have helped consumers manage their households more efficiently.

Beginning with the production of light bulbs in 1887, AEG found the best balance between form and function, and is renowned for creating products with pure lines, innovative functions, quality materials and elegant form.

**AEG thinking still reflects timeless slogan PERFEKT in FORM und FUNKTION**

**Pioneering award-winning household inventions**

Since its establishment, AEG has consistently delivered award winning inventions. Indeed, the company continue to receive awards, most recently in 2012 for appliances within the Neue Kollektion range.

One of AEG's most pertinent achievements is the application of a design philosophy that accompanied the appointment of Peter Behrens in 1907. Behrens is widely credited for the invention of industrial design – not only did his thinking concern product design but also company buildings, literature, reports, logo and branding as one entity. This subsequently became the blueprint for the way in which companies would distinguish themselves across the globe. Peter Behrens' legacy to AEG is captured in the slogan "Perfekt in Form und Funktion" which to this day remains the barometer applied to AEG thinking.

**Revolutionising the home**

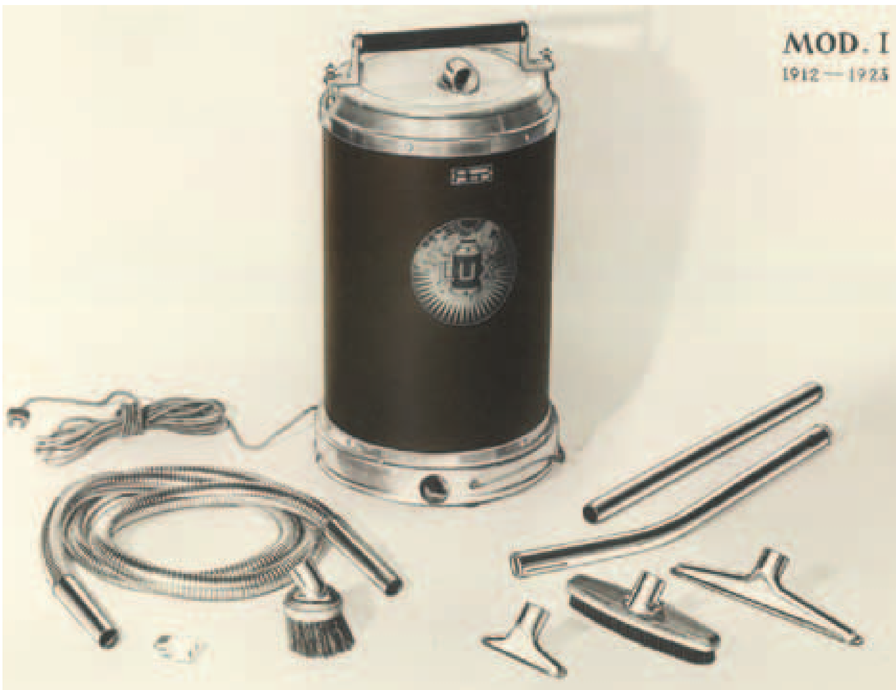
AEG has introduced some of the greatest innovations in household appliances, including the domestication of automatic washing machines in 1950, (the Lavamat), the first heat-pump tumble dryer and the first induction hob in 1987.

The ÖKO green range was introduced by AEG in the eighties and was the first application of "green thinking" within the appliance industry. AEG appliances were also the first to be designed for built-in use, with the AEG Santo refrigerator designed to fit within kitchen furniture as early as 1935.

In 2011 the AEG Neue Kollektion range of appliances was launched. The range was critically acclaimed and

**Hans Strohmeier** – *"Future technologies are already influencing a lot of our products."*

*AEG launched the first electric cooker in 1910.*




*The AEG Dandy vacuum cleaner was the first appliance to be made on an assembly line (1913).*

*In 1912 AEG launched the first electrically powered refrigerator*

- AEG has introduced some of the greatest innovations in household appliances over the last 125 years:
- 1887 – starts producing light bulbs
- 1910 – launches first electric cooker
- 1912 – launches first electrically powered refrigerator
- 1913 – Dandy vacuum cleaner becomes the first appliance to be made on an assembly line
- 1930 – starts producing boilers
- 1935 – becomes the first to introduce integrated product design (special refrigerator designed for built-in use by fitting within kitchen furniture)
- 1958 – launches world's first domestic fully automatic washing machines
- 1980 – introduces first application of 'green thinking' within the appliance industry
- 1987 – launches first induction hob
- 1997 – launches first heat-pump tumble dryer

duly recognised for its functional and stylish design by iF, who bestowed nine awards to appliances within the collection in 2011.

"AEG has a strong design heritage and we carry that on by creating products with pure lines, innovative functions, quality materials, and elegant form that also offer innovative touches that consider actual use," says AEG global design director Hans Strohmeier.

Further awards have been awarded by iF in 2012, specifically recognising AEG products for their "simply excellent" design credentials. The awarded products include maxi-sense induction hobs, combination fridges, Lavamat washing machines and Lavatherm dryers.

**Design for the future**

"Future technologies are already influencing a lot of our products," says Strohmeier, "especially user interfaces that simplify complex functionalities."

These future technologies allow AEG to continuously drive perfect results. The AEG Protex range of tumble dryers has a Woolmark Gold certification because they ensure clothes last longer.

Strohmeier adds: "Even though AEG products perform increasingly complex tasks, the interaction with the user needs to be as intuitive and simple as possible through intelligent design. One could argue that my role as the designer is to act as the translator in the man-machine dialogue."

# Creative Housewares acquires Lucky Distributors

Creative Housewares, importer and distributor of branded household appliances and houseware products, has acquired Lucky Distributors, a distributor of salon and personal care products and equipment specialising in the emerging market.

Established in 1995, Lucky Distributors has a strong foothold in the emerging markets within Southern Africa and has built many strong brands, specialising in the supply to cash and carry businesses. The most prominent of these brands are Lucky, Ace, Burman and Champion.

"Lucky Distributors is a true specialist in hair care products, which will create exciting opportunities and synergies for Creative Housewares," says Creative Housewares managing director Justin Fenn. "The acquisition will supply additional brands to Creative Housewares' existing personal care ranges as well as new products within the salon product category. We will benefit by furthering our share of the emerging market segment through leveraging off the brand equity of Lucky Distributor's brands, which are also well suited for further expansion into Africa.

"Lucky Distributor's customers will benefit from Creative Housewares' well established support systems, excellent service and expanded product range," he continues. "Consumers will enjoy the same, if not better quality products they have come to enjoy from Lucky Distributors through Creative Housewares' advanced product management and procurement systems."

Over the last five years Creative Housewares has, with the backing of its Spanish shareholders Taurus, made considerable inroads in the domestic appliances and housewares sectors, this despite recessionary market conditions. "In light of these results and the company's growth strategies we have embarked on an acquisition path of which the acquisition of Lucky Distributors is the first," says Fenn.

"Expansion into other African markets for any company serious about growth remains a hot topic," he continues. "Creative Housewares believes that this acquisition will greatly assist us in our offering and thus speed up the already rapidly expanding business.

"We will soon be adding new products and categories to the existing Lucky brands range offering, which will allow for further growth opportunities within Lucky's existing customer base."

# Strategic partnership with Incredible Connection marks Epson's return to retail

As part of Epson South Africa's retail-focussed strategy for 2012, the company has formed a strategic partnership with local technology retailer Incredible Connection which will see Epson's business and consumer inkjet printers available in stores nationwide. The agreement will also mark Incredible Connection as Epson's principle mass retail partner in South Africa.

"Epson has recently expanded its range of consumer and business printers, which have seen impressive market share gains throughout Europe," says Epson South Africa general manager Kelvin Reynolds. "We believe it is time to implement the same strategy locally, and make our wide range of Epson products more accessible to South African consumers."

"As South Africa's leading technology retailer, Incredible Connection serves a significant market share in the printer retail category in our country," says Incredible Connection acting chief executive officer Stefan Marnewick. "For Epson to quickly gain acceptance and market share, the synergy with Incredible Connection makes perfect sense, taking into account our growing national foot print of 62 stores. Epson's exciting product offering is also very much aligned with Incredible Connection's customer profile."

The first Epson products to be available in store will be a range of Epson's compact colour printers, small and home office all-in-one printers and multifunctional business inkjet printers. A full range of consumables and media for these devices will also be available in store. A selection of Epson's home cinema and business projectors will be made available in due course, as will Epson's entry level business laser printers.

"One of the products that we are particularly excited to introduce to Incredible Connection customers is the Epson WorkForce Pro printer," says Reynolds. "This printer is specifically designed to offer cost and energy efficiency, high quality output and durability to enterprise workgroups as well as small and medium-sized businesses. It offers a genuine alternative to a laser printer, and provides a cost saving of up to 50 per cent per page and a massive 80 per cent reduction in energy consumption compared to competitive lasers."

"We have seen our customers becoming more and more aware of the environmental impact of their technology usage," adds Marnewick. "Printing costs are also a big consideration in customer spending and consumption patterns. We believe the Epson printer range will address both these concerns with their lower energy consumption and cost reduction when compared to other alternatives."

In addition, Epson will be sharing the benefits of its global sponsorship of British football team Manchester United with Incredible Connection customers through a series of competitions that will see winners jetting off to the UK with a partner to attend a Manchester United football match at the revered Old Trafford football ground.

"Epson's sponsorship of this internationally successful team allows us the opportunity to reward Incredible Connection customers for their support of Epson," says Reynolds.

## Hayward becomes Massmart's COO

**Guy Hayward** – *Massmart's new COO.*

Guy Hayward, who joined Massmart in 2000 and has been chief financial officer of Massmart Holdings since 2001, is to assume the role of chief operating officer reporting to the chief executive and will continue on the Massmart Board.

The group's operating divisions will report directly to him, as will shared services and employee benefits.

Ilan Zwarenstein, who has been group finance executive since 2006 after joining Massmart in 2005, will assume the role of financial director, and will be appointed to the board and the Massmart executive committee. He will relinquish the role of company secretary.

Chief executive Grant Pattison will focus on Massmart-Walmart's strategic growth priorities for South Africa and Africa, including the implementation of the group's retail food strategy. He will remain chairman of the Massmart executive committee and of all the divisional boards, and retains his other responsibilities, including legal, corporate affairs, internal audit, integration, supplier development, finance and human capital.

Philip Sigsworth will temporarily assume the responsibilities of company secretary. He joined the company as group finance manager in January 2012.

These changes are required to enable greater operational focus on achieving the group's ambitious strategic plans, while at the same time responding to the additional responsibilities created by the acquisition of a controlling stake in Massmart by Walmart, the company says.

## New marketing manager at Philips

**Thandeka Ngoma** *- senior marketing manager consumer lifestyle*

Philips South Africa has appointed Thandeka Ngoma as senior marketing manager consumer lifestyle, responsible for the formulation and market implementation of the division's overall brand strategy.

Having previously worked at companies such as Investec, Ernst & Young and more recently, Proctor & Gamble, Ngoma, who holds a BComm honours degree in marketing from Wits University, is as passionate about marketing as she is about Philips.

"Philips is an iconic brand and one that I grew up with," she says. "I'm very excited to work for a brand with such a rich heritage, both in South Africa and throughout the world and feel extremely privileged to be part of such a dynamic team.

"There's so much innovation behind each product, and the people in the organisation are very passionate about what they do. This makes my job – making the Philips brand so much more than it already is – that much easier to do."

## Hirsch's wow crowds at Cape Decorex

Independently owned appliance company Hirsch's has been involved with Decorex in KwaZulu-Natal and Gauteng for many years and took to the recently held Cape Town design and décor exhibition like the proverbial duck to water.

Comments Allan Hirsch: "Although we have a twelve-year experience with Decorex in KwaZulu-Natal and Gauteng, the Cape Town show was a first for us, and followed by the recent opening of our new Cape Town store (the 15th in Southern Africa) in Milnerton.

"We were swept off our feet on the first day, which is generally pretty quiet, as people poured into the show. We usually take advantage of the first morning to sort out queries and resolve little problems, but not this time. We were swamped with interested consumers wanting to find out more about the company and its products. We were delighted to learn that many people already knew about Hirsch's and were thrilled that we had opened in Cape Town." ■


*Visitors to Decorex Cape Town flocked to the Hirsch's stand.*

## Game partners with philanthropist, donates 2700 mosquito nets

As explorer and philanthropist Kingsley Holgate's team departed from Game's Ballito store on 3 May 2012, they took with them the group's donation of 2700 mosquito nets to distribute to the highest malaria risk group – pregnant mothers and young children.

The team will join up with the Great African Rift Valley Expedition, which has not only set out to conquer some of Africa's most majestic and rugged terrain but also to reach out to those living in the continent's worst malaria areas.

As an ambassador for United Against Malaria (UAM) which aims to eradicate malaria by 2015, Holgate's fight against the disease stretches back to his yearlong African Rainbow expedition to the Somali border in 2005, during which he distributed tens of thousands of mosquito nets as part of a campaign called One Net One Life. This was followed by The Outside Edge, a 448-day 33-country geographic and humanitarian expedition to track the outline of Africa, while distributing nets. The All Afrika Expedition, which covered Ghana, Burkina Faso, Niger, Chad and The Central African Republic, was completed last year.

Holgate's latest journey combines the challenge of travelling the entire Rift Valley with his humanitarian work as a way of giving something back to "Mama Afrika."


*Kingsley Holgate and Mark Turner (Game Africa director).*

### Simple and cost effective

Game Africa director, Mark Turner, says the company is pleased to be part of this life saving campaign. "According to the World Health Organisation, a child dies from malaria in Africa every minute. Nets treated with insecticides are one of the most important and effective methods of preventing malaria transmission."

He adds that these nets are also the most simple and cost effective means of dealing with malaria in both rural and disadvantaged communities that have little access to even the most basic resources. "Because children and pregnant mothers are most vulnerable, and because a startling 90 per cent of malaria deaths are among children under the age of five, we have decided to donate nets where they are needed most."

Nets treated with long lasting insecticide have an estimated success rate of up to 60 per cent. The group's donation is expected to save over 10 000 lives over a four-year period. ■

## Lewis profits increase

Furniture, electrical appliances and home electronics retailer Lewis Group has reported an increase in revenue of 6.1 per cent to R4.9 billion for the year ended March 2012. The company's operating profit margin increased to 23.5 per cent, which translates to an 8.2 per cent growth in operating profit to R1.14 billion.

Chief executive Johan Enslin says trading conditions became increasingly challenging during the year as consumers encountered rising transport and utility costs. "Lower disposable income placed pressure on both sales and credit collections."

In the period under review, merchandise sales rose 3.3 per cent to R2.4 billion. Furniture and appliance sales for the group increased by 4.8 per cent, while sales of electronic goods were 3.5 per cent lower – furniture sales comprise 54 per cent of the group's total merchandise sales.

Credit sales as a percentage of total sales were consistent with 2011 at 71.4 per cent.

Merchandise sales in the company's flagship Lewis brand, which accounts for 83.3 per cent of total sales, increased by 3.6 per cent, while its Best Home and Electric division saw sales grow by 10.6 per cent, with furniture comprising 34 per cent of this brand's sales.

Operating costs, excluding debtor costs, increased by 8.8 per cent, and cost growth for the second half of the year was contained at 6.5 per cent.

The group's store base passed the 600 mark following the opening of 17 Lewis and 12 Best Home and Electric outlets, bringing the store footprint to 602.

Enslin says he expects trading conditions to remain challenging. "The group has strategies in place to meet these challenges and will continue to invest for growth by expanding our retail footprint through the addition of 20 to 25 smaller format stores in the year ahead."

**Johan Enslin** – *"Trading conditions will remain challenging."*

## Positive turnaround at Nu-World

Appliances group Nu-World Holdings has reported a 2.8 per cent increase in headline earnings per share to 156.7 cents for the six months ended February 2012.

Group revenue from continuing operations increased by 21.2 per cent to R1.122 billion, while net operating income from continuing operations increased by 9.7 per cent to R70.7 million.

"Following on from an exceptionally difficult year, it is rewarding to report the beginning of a positive turnaround of the group's trading and financial position," says managing director Jeff Goldberg. "Notwithstanding a continuing trading environment which remains difficult and exceptionally competitive, directors are pleased to report a return to growth. It is anticipated that cash utilised by operations will turn positive by the end of the financial year or shortly thereafter."

Offshore subsidiaries accounted for 38 per cent of revenues, down from 43.4 per cent in 2011, but the percentage of income generated from offshore subsidiaries decreased from 16.6 per cent for the interim period to February 2011 to 7.6 per cent for the period under review.

"Our Australian subsidiaries continue to trade in an intensely competitive environment," says Goldberg.

Looking ahead, he adds: "Internationally we continue to invest in our brands. We operate in fast changing markets in South Africa and Australia, which necessitates the introduction of new updated ranges of products. We take into account that consumers face new strains on their budgets and we believe that they are looking for good value for money within the known brand arena.

"The retail business in particular is not taking the market for granted and we are seeing more special deals, every-day low prices as consumers respond to competitive price points.

"During the course of the six months preceding the period under review, the board took the decision to close the manufacturing division," Goldberg continues. "A number of reasons led to this conclusion, including the burdensome and ongoing electricity price increases, increasing fuel costs, and the high cost of raw materials."

During the period under review, Nu-World started to sell off the asset held for sale, including plant and machinery, moulds and dies and raw materials.

"Exports into Africa are increasing, but we have taken cognisance that the African market is discerning in terms of good quality value-for-money products," says Goldberg. "Our line-up of key international and local brands, across an increasingly broad range of product categories and income groups, has produced ongoing growth over many challenging years. Directors continue to prioritise working capital management, lower inventory target levels, higher stock turns and a number of cost-cutting initiatives."

*Source: I-Net Bridge*

# CEOs in the retail sector focused on 'growth'

CEOs in the retail & consumer sector remain focused on growth as they try to cope with sluggish demand in developed economies, a report by professional services firm PwC has found.

The PwC Global CEO survey is a barometer of the mind-set of global corporate leaders as they strive for growth in priority markets - of the total sample survey, interviews were conducted with 114 CEOs from retail companies in 33 countries and 245 consumer goods CEOs in 45 countries.

Results from the survey suggest that CEOs believed they had learned to manage their businesses through difficult and volatile economic times.

Furthermore, CEOs in the retail & consumer sector were changing their strategies in response to evolving consumer needs and keeping a tight rein on costs and risks.

"This is welcome news, since nearly half of CEOs across all sectors believe that the global economy will decline even further in the next 12 months, and the good news is that nearly three times as many CEOs are more confident in their own companies' growth prospects for the next year than they are in their outlook for the global economy," said John Wilkinson, PwC retail & consumer leader in South Africa.

According to the survey, only 8% of retail CEOs and 14% of consumer goods CEOs think the global economy will improve in 2012. In fact, nearly half of retail and consumer goods CEOs expect the global economy to worsen.

Interestingly, the survey pointed out that buying power in the emerging markets was growing.

"The income disparity between the middle classes in the emerging and developed economies is rapidly shrinking - the ranks of the middle class in the emerging markets are simultaneously exploding, while in developed markets, the middle class is shrinking.

"Global consumer goods companies need the opportunities inherent in the emerging markets," PwC said.

But while 60% of respondents said emerging markets were more important to growth prospects than developed markets, both retail and consumer goods CEOs said they were wary about setting up overseas operations given that different markets also had different needs.

Retail CEOs, in particular, were still placing most of their bets on their existing markets, with 43% planning to concentrate on the areas in which they already do business, while only 16% plan to head abroad.

"That's probably because it's especially tough for retailers to break into new territories.

"The most successful retailers forge a personal bond with customers - and it's hard to make that connection in a totally different culture", said Wilkinson, adding that regulation was another hurdle.

However, entering a new market by acquiring a local competitor provides immediate access to local facilities and distribution networks. Wilkinson said this had been demonstrated in South Africa by Wal-Mart's R16.5 billion acquisition of a 51% stake in Massmart.

"The Wal-Mart transaction has definitely helped to create a significant amount of interest in the Africa continent as an emerging market for retail and consumer companies, and it is inevitable that other foreign retailers will follow," he said.

One of the key points in PwC's research was that consumers in both the developed and emerging markets were becoming more digitally empowered.

"Consumers have more information and more choices than ever before as a result of the internet and a proliferating array of personal devices. They're also more vocal-and what they say carries more weight; sales can surge or slump in response to a campaign on Facebook or Twitter," PwC said.

*Source: I-Net Bridge*

# Retail sector remains resilient

The South African retail sector in general has remained resilient as shoppers continue to seek value for money offerings, says Johan Engelbrecht, director retail management for JHI Properties. This is despite cost pressures such as fuel, electricity and municipal rates, which continue affect consumers.

"The trend towards discounted goods or those which offer the best value for money is increasingly evident, particularly as consumers demonstrate willingness and growing ability to manage debt, which is positive, as is the interest rate, which has held stable at historically low levels. Although discretionary spend is still under pressure, the retail categories of household goods, textiles, pharmaceutical and apparel remain well supported," says Engelbrecht.

He says however, in selective nodes and in exclusive environments where there is a sustainable flow of consumers and continued spend - such as in the redeveloped, prime-located Sandton City, situated within easy reach of the Gautrain - retail sales are performing well.

"Although retailers also have to contend with the pressures of rising operational and utility costs, coupled with affordability of space, through proactive management, we have managed to keep vacancy levels at our regional shopping centres very low,

page 11

# Steinhoff reaches majority status in JD Group

Steinhoff International has concluded a deal in which it has secured a controlling stake in JD Group almost five years after its first failed attempt, but some analysts said yesterday that Steinhoff's strategy for the household goods retailer was unclear.

Steinhoff said in a statement on the Stock Exchange News Service yesterday that it had acquired an additional 17.7 percent interest in JD Group through a partial offer to independent JD Group shareholders, meaning it now held a 50.1 percent stake in the furniture retail group.

Yesterday Steinhoff's shares rose 0.9 percent to close at R27.90 while JD Group fell by 1.13 percent to R48.05.

Jean Pierre Verster, an analyst at 36One Asset Management, said the deal was a continuation of Steinhoff's strategy to transform from an industrial company to an investment company. The next step would be the listing in Europe of Steinhoff's offshore retail assets, including Conforama, which it bought for e1.2 billion (R12bn) last year.

Verster said once this foreign listing was concluded Steinhoff might try to extract synergies between its various investments, which also include a 20 percent stake in financial services business PSG Group, which owns 34.6 percent of Capitec Bank.

Subsequent to the JD Group offer, Steinhoff's stake in KAP International has decreased to 62 percent from 88 percent, after it used KAP shares as currency for the deal. KAP owns interests in manufacturers of motor components, footwear, plastic products and processed meat, in addition to Unitrans and PG Bison, which it bought from Steinhoff recently.

## Extracting synergies not easy under current shareholding

But Verster said synergies would be difficult to extract as Steinhoff was not the sole owner of any of its businesses. There were minority shareholder interests as well as the strategies of the respective businesses to consider.

There has been speculation that JD Group might sell its debtors book to Capitec, but chasing third-party debtors was not Capitec's business, Verster said.

He added that there were no new benefits from this deal that did not exist before, in terms of synergies between household goods retailer Conforama and JD Group, which owns the Russells, Hi-Fi Corporation and Incredible Connection chains.

However, the deal does enable Steinhoff to consolidate JD Group's earnings, assets and liabilities.

Verster said once Conforama was listed, it was not clear what Steinhoff's next step would be. It could consider increasing its stake in JD Group, but that would then mean it would no longer be an investment company.

Verster said Steinhoff had changed its spots so many times and "when a leopard changes its spots that many times you are no longer sure what kind of animal it is".

Mark Hodgson, an analyst at Avior Research, said there were synergies with JD Group through Steinhoff's European retail interests, but the exact strategy would only become clearer over time.

He added that with Steinhoff as a controlling shareholder, it brought to JD Group its experience in retail and manufacturing and its skills in logistics and corporate finance.

"The specific strategy for JD Group will become clearer with time. But what we do know about Steinhoff is that they will not be passive shareholders," Hodgson said.

Neither Steinhoff nor JD Group management were available to comment yesterday.

*Source: Business Report*

page 10

below 4%, while sales turnover of these centres increased on average by 7% over the past year." The company manages over 2.2 million sqm of retail space in Southern Africa in 240 shopping centres.

"Through ongoing attention to the specific needs of retail tenants, ensuring the right tenants have the preferred position, size, layout and design and taking the tenant mix into account for consumer spend and behaviour, we have seen these shopping centres consistently achieve good sales. We are also exploring energy saving methods, inverter approaches to energy supply and additional water storage tanks.

"Further positive news is renewed capital investment in retail. The extension of Greenstone Shopping Centre near Edenvale CBD in Gauteng has approximately 6400 sqm fully let and opened in December 2011. Driven to a large extent by the launch of a new Edgars, which has proven a major draw card for shoppers, coupled with the re-mix and relocation of stores, this project has paid off and the centre is performing well."

Engelbrecht says currently a substantial revamp is planned for the Kolonnade Mall in Montana, Pretoria North. "This upgrade will create an environment which will support the very loyal market which has shopped there for the past 25 years and attract new shoppers, as well as serve to extend the centre to create larger areas for leading retailers."

Engelbrecht adds the company aims to grow its retail business unit significantly over the next few years. "Through consistent performance we are looking to increase our portfolio of managed retail centres, including into Africa. With a view to further growth, we recently opened an office in East London as we believe there is considerable potential growth in the stretch from Mthatha through to Port Elizabeth," he concludes.

# Optus Brands to distribute Moulinex, Tefal Electricals and Rowenta in SA

Optus Brands, part of the Fore Good Investment group, has become the sole distributor and brand custodian for Groupe SEB brands Moulinex, Tefal Electrical and Rowenta.

Groupe SEB is home to a number of global small domestic appliance brands. Statistics reveal that every second, at least six consumers across the world will choose a Groupe SEB product.

Moulinex has been designing and manufacturing kitchen equipment and electrical appliances since the 1950s. The French brand is known for its innovative product range, developed in accordance with its philosophy of making life easier. Moulinex kitchen equipment caters for individuals with busy schedules who have limited time available to spend in the kitchen. First to introduce colour and vibrancy to well featured kitchen appliances during the 1980s, the Moulinex brand is easily distinguished by its bright and exciting motifs, and produces innovative trends that will appeal to consumers looking for novel designs.

Tefal is best known for inventing the first non-stick fry pan. The brand is positioned as the "innovation you can't live without" and has built a name for producing pioneering domestic equipment and cookware designs. Tefal's product range includes steamers, toasters, deep fryers, steam irons and pressure cookers, as well as the latest in breakfast appliances. Its invention of the anti-scale collector (which improves the lifespan of steam generators) has afforded the brand world exclusivity in steam generators. Over the years Tefal has brought consumers innovative and ergonomic designs, such as the revolutionary Actifry that enable tasty dishes with greatly reduced fat content.

Rowenta's sleek and efficient designs are developed to enhance the consumer's overall sense of well-being. In line with this, every appliance is created to embody both intelligence and beauty. The brand provides customers with cutting-edge technology across a range of products, including steam irons, steam generators, vacuum cleaners, hair dryers, hair stylers and beauty appliances. In particular, Rowenta is known for hair dryers and straighteners that respect health of hair.

## Koelnmesse launches new furniture trade fair in Russia

Media Globe Krokus (MGK), organiser of the Moscow International Furniture Show (MIFS), and Koelnmesse have signed a letter of intent aimed at establishing a furniture trade fair with an international format in Moscow from 2013.

"For Koelnmesse this collaboration will be of great mutual benefit and represents an important step forward in internationalisation," explains Koelnmesse CEO Gerald Böse. "Under the name Rooms Moscow we will create a trade fair format aimed at the Russian market within the Moscow International Furniture Show. In so doing, we will bring in all the relevant furnishing areas of our globally leading trade fairs, imm cologne, LivingKitchen, ORGATEC, spoga+gafa and interzum."

The range on show will span upholstery, storage furniture and office furniture, as well as furniture for contract business, outdoor areas and kitchens. Rooms Moscow should provide visitors with an overview of designs for rooms, including interior fittings, floors, walls, ceilings, lighting and bath and spa solutions. This new trade fair provides a platform for companies across the world seeking access to the Russian market.

"We are delighted to have a partner in MGK," says Marc Zöllig, project manager for overseas trade fairs at Koelnmesse, of the new trade fair format. "MGK has many years of experience in the organisation of trade fairs. Their industry knowledge and trade fair experience combined with our international exhibitor, visitor and media network offer the ideal prerequisites for success in establishing a new, unique marketing platform for the furniture industry here in Moscow.

"With Moscow as the central economic hub of the Russian Federation, we have a location with strong links to Eastern Europe," he continues. "The Crokus Expo Exhibition Centre is the most modern exhibition complex in Russia. In terms of infrastructure it is very well connected, extremely suitable for the themes of living and furnishing, and offers outstanding conditions for exhibitors.

"The spring season is the perfect time to host a trade fair for the furniture industry, as it enables buyers to order new products at the right time. It's not for nothing that all the world's important interior design trade fairs take place in the first half of the year.

**Gerald Böse** – *Rooms Moscow represents an important step forward in internationalisation.*

"Rooms Moscow is particularly important for Koelnmesse, since it is part of the company's new strategic direction, in which overseas business is accorded the highest priority."

## Sony, Panasonic eye next-generation TV tie up

Japan's cash-bleeding electronics giants Sony and Panasonic are looking to join forces to produce next-generation televisions in a bid to claw back market from South Korean rivals.

The firms want to speed up the development of large-screen organic electroluminescence (OEL) televisions, which consume less power and offer a sharper picture than conventional flat panels, the Nikkei daily reports.

OEL is widely expected to be the dominant technology in the next generation of televisions.

Both companies are aiming to commercialise OEL TVs by fiscal 2015, and their tie-up could eventually lead to joint production, the report states, without citing sources.

The partnership would mark the first time that the two firms have joined hands in a core business, in a major turning point for the struggling Japanese electronics industry.

South Korean firms Samsung and LG Electronics plan to release 55-inch OEL TVs this year, the Nikkei says.

Sony and Panasonic hope to devise a low-cost, high-yield manufacturing technique by bringing their technologies together, it continues.

Neither company was prepared to comment on the Nikkei report.

"The company will continue research on OEL technology based on what it has developed on its own," said Panasonic in a statement. "Nothing has been decided at this point about research into a business plan."

A Sony spokesman also refused to comment.

Sony and Panasonic suffered a combined $15.4 billion loss in the year to March as falling sales and intensifying competition hit them hard.

Panasonic president Fumio Ohtsubo, who had previously announced he would step down, conceded last week that the firm's earlier television business strategy was off the mark. "We had invested a huge amount in 2006 and 2008 in the panel and TV businesses, but many changes occurred."

*Source: AFP*

# Panasonic plans fridge factory in Europe

Japanese electronics group Panasonic plans to open a European factory this year to make home appliances, a market it is targeting as sales of televisions stagnate.

Panasonic is looking to minimise the effect of a strong yen on its exports by bringing manufacturing closer to its customers, and also hopes to capitalise on any incentives that struggling euro zone governments may offer.

"We are studying European production," says Panasonic European chief executive Laurent Abadie. "We have different interesting opportunities at the moment. I will probably be able to give more information in a few weeks. This year, yes, this is our target."

Although Abadie declines to say which locations are under consideration, he says it will be a European Union country.

Panasonic, known for its Viera TVs and Lumix cameras, currently manufactures home appliances such as refrigerators and washing machines in China, Turkey and other parts of Asia.

The company concentrates on high-end appliances – for example, it uses aeronautics technology in its refrigerators that can cost up to $2000, better insulation and to save space.

Panasonic has just 0.5 per cent of the European market for washers and fridges but aims to increase this proportion to five per cent by 2018 as it bets on home appliances, solar panels and batteries to boost profits.

One of Japan's best-known brands, the company reported a record annual loss earlier this month as sales of TVs, cameras and recorders slumped. It has promised a return to profit this year under a turnaround plan and new president.

Panasonic estimates that total European demand for washing machines is about 18 million annually, and for refrigerators about 19 million.

Abadie says that producing home appliances close to the consumer is good not only for supply chain management, but also because of cultural differences that mean appliances are not global products in the way that, say, televisions are.

"Consumer behaviour is very different from country to country. A German kitchen is quite different from an Italian kitchen in the way food is managed and prepared."

He cites sushi compartments in Japanese fridges, space for cosmetics that would otherwise melt in fridges in other parts of Asia, or milk compartments in British fridges as examples.

*Source: Reuters*

# Panasonic in record loss; shares hit 3-decade low

TOKYO, May 11 (Reuters) - Panasonic Corp, one of Japan's best known brands, reported a record loss on slumping sales of flat panel TVs on Friday, but promised a return to profit this year under a turnaround plan that faces deepening investor skepticism.

Panasonic shares fell to a 32-year low ahead of the results, in a wave of selling that also hit rivals Sony Corp and Sharp Corp.

Sales of TVs, cameras and recorders combined fell 21 percent for the year ended March 31 and the strong yen cut into overseas earnings on everything from electronic components to refrigerators.

Panasonic president Fumio Ohtsubo, who is handing over the reins in June, said the company's 772.2 billion yen ($9.7 billion) net loss capped a turbulent six-year period when the diversified manufacturer was rocked by the external forces from the global recession to last year's earthquake inJapan and flooding in Thailand.

But he said management had made a mistake by investing so heavily in production of LCD and plasma televisions in 2006 before the downturn began.

"This was an excessive investment, something which I regret," said Ohtsubo.

Panasonic forecast an operating profit of 260 billion yen, slightly ahead of a consensus estimate of 241.5 billion yen profit from analysts surveyed by Thomson Reuters I/B/E/S, but investor sentiment remained dark.

Ahead of its results, Panasonic shares ended down 1.6 percent to 570 yen, its lowest closing level since September, 1980, Thomson Reuters Datastream data showed.

"There's no reason to buy the stock even at current levels. Just because they showed a rebound in profits isn't enough reason to buy," said Hideyuki Ishiguro, assistant manager of investment strategy at Okasan Securities.

"Panasonic's a manufacturer. You need to have new products that excite people, that make people see the picture of what future growth will look like. A company that's forced to do so much restructuring in order to stay out of the red isn't attractive (to shareholders)," he said.

Panasonic said it expected sales of flat screen TVs to fall to 15.5 million units this business year after it sold 17.5 million TV sets in the previous year.

**Shrinking Plasma Demand**

Like domestic rivals Sony and Sharp, Panasonic's TV business has been hammered by competition from Korea's Samsung Electronics and shrinking demand for its large plasma sets.

Kazuhiro Tsuga, 55, currently in charge of revamping the TV business, takes over as president of Panasonic from Ohtsubo.

By 2015, research company DisplaySearch estimates demand for plasma sets will shrink 38 percent to $7 billion.

Panasonic expects that a fresh round of restructuring that cut 17,000 jobs will lead the TV unit back to profit and spur a V-shaped recovery in the current year.

Much of Panasonic's loss was the result of restructuring charges, although writedowns for its Sanyo Electric unit added to the deficit.

Panasonic still employs 350,000 people worldwide, three times as many as at Samsung Electronics and double Sony's workforce.

The company is relying on sales of home appliances, solar panels and batteries to help boost profits as well as expansion in emerging markets.

*Source: Reuters*

## A vacuum cleaner that talks while it cleans

Japanese company Sharp has come up with a robot vacuum cleaner that can talk to people as it cleans. The gadget can be controlled with an iPhone and can live-stream videos from the carpet and send pictures as it works automatically around the home, making it handy to find lost items under furniture. The dinner plate-sized robot also purifies the air while moving about a room.

The Cocorobo speaks three languages, English, Japanese and Chinese and comes with more than 30 phrases, including "Long time no see" and "Hello".

People can ask questions like "How's it going?" and receive answers such as "I'm cool and feeling good".

The cleaner comes with infra-red sensors to ensure it does not bump into objects around the house. When tired, it can walk itself into a little docking station and "sleep", while waiting for the owner to wake it up with a friendly greeting.

Sharp says it will produce 4 000 Cocorobo robots a month as well as 6 000 a month of a version that only vacuums and cannot talk.

*The Cocorobo robot vacuum cleaner.*

## Sony reports record annual loss

Sony Corp. racked up a record annual loss of 457 billion yen ($5.7 billion) in its fourth straight year of red ink as the once-glorious maker of the Walkman and PlayStation struggles toward a turnaround under a new president.

The electronics and entertainment company, which also makes "Spider-Man" movies, reported Thursday a loss of 255 billion yen ($3.2 billion) for the January-March period -- its fifth straight quarterly net loss to round out a fiscal year that was the worst in its 66-year corporate history.

The latest red ink was worse than 1995, which followed Sony's ambitious but disastrous purchase of Hollywood studio Columbia Pictures.

Sony's recent troubles were worsened by factory and supplier damage in northeastern Japan, ravaged by the earthquake and tsunami last year. Sony also suffered production disruptions from the flooding in Thailand.

Quarterly sales inched up 1.2 percent on-year to 1.6 trillion yen ($20 billion). Annual sales plunged nearly 10 percent to 6.5 trillion yen ($81 billion), as unit sales slipped in flat-panel TVs, video and digital cameras, game machines and personal computers.

Sony has bled money for eight straight years in its core TV business, bashed by competition from Samsung Electronics Co. of South Korea and other Asian rivals.

And consumers are flocking to products from Apple Inc. like the iPhone and iPad instead of Sony gadgets.

A soaring yen that erodes the overseas earnings of Japanese exporters like Sony has also added to the damage.

Sony is aiming for a comeback under Kazuo Hirai, appointed president last month, who has headed the gaming division and built his career in the U.S.

Sony forecast a return to profit for the fiscal year through March 2013 at 30 billion yen ($375 million), banking on the growing smartphone and tablet business, as well as a recovery from last year's disasters.

Lasts month, Hirai said the company will cut 10,000 jobs, or about 6 percent of its global work force, and turn a profit in TVs in the next two years.

The job cuts come on top of a couple of rounds under Hirai's predecessor, Welsh-born Howard Stringer, who remains chairman and was the first foreigner to head Sony.

Yasunori Tateishi, author of "Farewell Our Sony," believes the long sought boon Sony executives promised from exploiting its electronics and entertainment operations has been illusive.

He said Sony was in a bind because, even when its electronics segment fared well, its results would be pulled down by entertainment problems -- or the other way around.

"Synergy is something that might happen, but it's not something a company should go after," he said. "It instead turns into an obstacle."

Sony had recorded a 260 billion yen loss the previous fiscal year.

The latest results were better than the 520 billion yen ($6.5 billion) annual loss the Tokyo-based company had projected. Analysts surveyed by FactSet had estimated a more optimistic 430 billion yen ($5.3 billion) loss.

# Molemo Moahloli – thinking big ab

***Although it's been just over a year since Molemo Moahloli was appointed as GfK South Africa's managing director, he has been with the company from its inception in the country, watching it grow from researching a mere handful of product categories in 2001, to more than 100 product groups today.***

It was two senior GfK representatives from Europe who first met with South Africa's largest retailers and buying groups to assess the market with a view to establishing a local presence. "They were impressed with the size and complexity of the retail landscape and its high level of competitiveness," relates Moahloli. "Consequently, it was decided to start off tracking the television and fridges categories and grow in line with market demand. Today, the product groups GfK South Africa tracks range from consumer electronics to DIY."

By 2006 the South African team had started up operations in Kenya, Uganda and Tanzania. These grew until they were eventually able to operate independently in 2010.

**Molemo Moahloli** - *Gfk MD has been with the company since 2001*

## Market research more critical than ever – gut feel inadequate

The market has changed significantly since those early days, says Moahloli. "It is extremely more competitive. Where previously retailers were able to base their business decisions on 'gut feel' of the market – and often were very successful – in today's dynamic and rapidly evolving environment this is no longer possible. They have to increasingly rely on accurate market research in order to determine how to position themselves favourably in the market.

"Additionally, the speedy advancement of the internet has made for a noticeably more educated consumer, who is a lot savvier when it comes to making purchases, because he now has instant access to information such as product reviews and overseas developments.

"Ten years ago it took around 24 months for trends in Europe and the US to filter their way down to South Africa," Moahloli continues. "Now we are never more than twelve months behind the rest of the world and this window period is decreasing all the time. Retailers who want to stay ahead need to find the gap in the market before their competitors do, and the most reliable way to do this is through accurate market research."

Sub-Saharan Africa is the world's only remaining untapped emerging market, and developed countries are scrambling to stake their claim, says Moahloli. "The days of South Africa's largest retailers being wholly locally owned are numbered and Walmart's recent acquisition of Massmart is merely the start of things to come," he predicts. "It's only a matter of time before our large clothing and food retailers are also acquired by their international

*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.*

# out GfK's future

counterparts."

But, he warns, South Africa is in danger of losing its status as the sole 'springboard into Africa', unless the country steps up its competitiveness. "The internet, and especially social media have changed the way the world communicates, providing invaluable insight into how consumers experience brands, yet South African retailers continue to underestimate its impact.

"Information goes global in seconds or disappears overnight. Consequently, knowing the consumer has never been more crucial, or difficult.

"GfK is pioneering new and sophisticated ways of leveraging this data to the benefit of the retailer and GfK South Africa is very much a part of the organisation's move to connect every touchpoint of the customer's journey, linking premium quality data with online and offline intelligence, and turning these insights into opportunities.


*Molemo Moahloli discusses way forward*

"Those retailers who choose not to be a part of this will soon find themselves out in the cold. And then it will be too late."

# AEG dishwashers still full of innovative power after half a century

AEG celebrates 125 years of excellence this year and also more than half a century of automatic dishwashing excellence with its Favorit range.

In 1961 the traditional brand presented its first fully automatic dishwasher at the autumn trade fair in Cologne. While dishwashers were an absolute luxury in the early 1960s – only 125 000 German households had one – now, half a century later, it's hard to imagine life without them.

Nowadays around 27 million households in Germany are benefiting from their services. Besides improved hygiene and a significant reduction in water consumption in comparison to washing dishes by hand, more than anything else it is the advantage of saving time that many consumers find so attractive. A dishwasher can cut down on up to 500 hours or almost three weeks of laboriously rinsing dishes by hand for one single person. AEG has also regularly improved the handling, consumption data and convenience of dishwashers over the past 50 years.

**AEG dishwashers are hygienic and save water and time**

The new AEG Favorit ProClean series offers more space for dishes in the interior and a flexible loading system to hold dishes of any format. Innovative spray technology and a dual-rotation satellite spraying arm, which rinses dirt out of every corner, result in perfectly rinsed dishes.

**Perfect cleanliness even when fully loaded**

Three powerful spraying arms rinse the dishes on as many as five levels in the new AEG Favorit ProClean dishwashers. These arms help to achieve first-class rinsing results, irrespective of how carefully the dishwasher has been loaded. This suitability of the ProClean models for daily use was also confirmed by the LGA, the German health authority. The bottom innovative ProClean satellite spraying arm operates with a dual rotational movement so that even dishes that have been chaotically stacked are rinsed perfectly. A new option and a new programme in some

## DEFY HAS BEEN A LEADER IN THE DESIGN AND MANUFACTURE OF QUALITY APPLIANCES FOR 100 YEARS

STYLISH AESTHETICS AND MODERN, groundbreaking technology allows Defy's range of laundry appliances to blend with any home, promising to make life a lot easier.

Defy dishwashers are easy to operate, quiet and efficient, and give you hygienic and sparkling clean results every time. The products are all geared towards economical water consumption and environmental friendliness.

There are three models in the Defy line-up, the Dishmaid 3, Dishmaid 5 and Dishmaid 8.

THE THREE MODELS IN THE DEFY RANGE OFFER :

- o 12 international place settings
- o stainless steel interior
- o special sound insulation
- o adjustable baskets
- o two spray arms
- o connects to hot or cold water supply
- o concealed element
- o very low water consumption
- o wash programme guideline on door

The Dishmaid 3 features three wash programmes and 2 wash temperatures, 50 and 65 degree Celsius. Dishmaid 5 features 5 wash programmes; four wash temperatures of 35, 50, 60 and 70 degree Celsius. Both models are available in white or a metallic finish.

The Dishmaid 8 with LCD display has 8 wash programmes and 7 wash temperatures, a half load, , key lock , electronic rinse aid indicator, adjustable upper basket and is available in a metallic finish.

DEFY

For further info visit www.defy.co.za

You can rely on Defy. To simplify.

of the dishwashers ensure that stubborn dirt is professionally and powerfully removed.

- The ProZone programme rinses at a higher temperature and with more pressure in the bottom basket, and with a lower temperature and less pressure in the top basket, so that it is gentle on glasses while at the same time powerfully rinsing pots and pans.
- The extra-hygiene option holds a temperature of 70 degrees for more than ten minutes during the final rinse cycle, thus guaranteeing that the water is 99.99 per cent free of bacteria.

*Favorit F99009M0P*

**More space and flexibility for individual needs**

With a loading volume of ten litres more than comparable models, the new AEG Favorit ProClean dishwashers are wonderful space-savers. Despite the fact that the interior is four centimetres higher than that of the predecessor model, the outer dimensions are the same as those of conventional dishwashers.

The unique waved baskets and the LevelControl system mean a maximum of flexibility when loading the dishwasher. The system can be used to lift and lower baskets that have already been loaded, thus easily creating additional space. The baskets have foldable plate and cup holders in order to be able to flexibly position large dishes, pots and bowls. Even plates with a diameter of 34 centimetres fit easily into the bottom basket. Long knives can be stored in the top basket easily and safely, thanks to an additional cutlery rack. Glasses are also safe since the soft spikes hold them securely.

**Timeless, elegant and extremely quiet**

*Favorit F45000W0*

**Extremely quiet power package**

Family life or parties with friends – the kitchen is the central meeting place in many homes. This is why many consumers want home appliances that blend harmoniously into the kitchen. The quieter the operation of the dishwasher and the cooker hood, the cosier a kitchen will be.

This prompted AEG to equip the new ProClean dishwashers with Silent Technology. ProClean dishwashers are quieter than ever before thanks to their quiet, yet at the same time powerful and robust inverter motor. The Extra Silent programme in some of the models rinses at 39 decibels, so quietly that it's not possible to hear whether the dishwasher is operating or not. The dishwashers can also all be connected to the hot water supply, thus helping to save time and reduce energy consumption.

*Favorit F77000W0P*

**Distinguished design**

The new AEG ProClean dishwashers are designed in the style of the latest New Collection product line. Timeless and elegant, they blend in with kitchen units made of any material.

The members of the "red dot design award" jury also liked the design and in March distinguished two models from the AEG ProClean line for their excellent design quality. Moreover, some of the ProClean dishwashers offer convenient operation and easy-to-set programmes, thanks to their integrated touch function.

# Consumer electronics feature at SAITEX 2012

This year will see over 800 companies from 32 countries exhibiting their products at SAITEX – the 19th Southern African International Trade Exhibition, taking place at Gallagher Convention Centre from 15 to 17 July.

Ownership of SAITEX changed three years ago when the event was acquired by Exhibition Management Services, a Johannesburg-based organiser that operates events throughout Africa.

The new owners immediately reprofiled the event to provide a platform for showcasing retail products with particular emphasis on consumer electronics, housewares and homeware, and tools and hardware.

This new positioning is certainly proving popular as last year SAITEX attracted 14 659 visitors from 54 countries. The show also won praise from MASSMART Holdings with channel manager Shelton Timms stating: "Last year's event was fantastic. There were many suppliers from a lot of different countries, all creating huge cross-border trade opportunities, which provided us with very valuable opportunities to identify potential suppliers and products for our stores. The show has improved substantially and has become a 'must visit' event on the expo calendar."

The consumer electronics sector has received a boost this year with a large presence from the China Chamber for Export of Electronic Products.

## *Companies making up this China Pavilion are:*

**Shanghai Yili Electric**
High pressure washers, vacuum cleaners and accessories

**Feilong Home Appliances**
Refrigerators, chest freezers, washing machines

**Shanghai DongSong Int. Trading**
Pressure washers

**Guangdong Galanz Enterprise**
Microwave ovens, tumble dryers, electric kettles

**Ningbo Cofly Washing Machines**
Twin tub washing machines

**Guoguang Electric Company**
Multi media speaker systems, batteries

**Ningbo Aux Import and Export**
Air conditioners

**Ningbo Changer Electron**
Freezers, refrigerators, washing machines, heaters

**Xingchang Xingfeng Refrigeration Comp**
Refrigeration components

**Zhejiang Xinchang Bigyao Power Tool**
Pressure washers

**Shaoxing Homesun**
Home appliances

**Xhegiang Entire Electric**
Kitchen appliances

**Xhegiang Trueli Electric**
Kitchen appliances

**Xhegiang Yili Electric**
Washing machines

**Hisense SA Development Enterprise**
Televisions, air conditioners, small home appliances

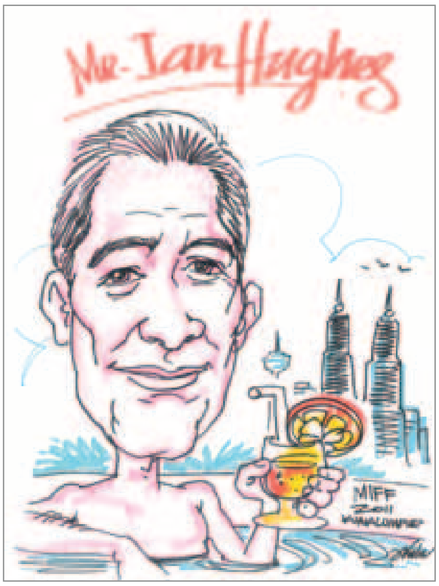
### SAITEX 2012 emphasis on consumer electronics attracts Chinese

Other exhibitors in this sector are Turkish companies Femas Metal with ovens and cooking hoods, Koza Elektrik with home appliances, electronics, radios, TVs and homeware, while Egyptian exhibitor Engineering Industries will be displaying gas and electric cookers and ovens.

These are just some of the many international suppliers that will be represented at SAITEX 2012. In addition to exhibits this year's event features the BRICS Africa Import Export Forum with workshops on The Future of Trade in Africa, Import/Export for Beginners, Import/Export for Seasoned Professionals and BRICS Country Briefings. Conferences held concurrently address Online Retailing and Retail Solutions.

Entry to SAITEX is free and those visitors registering online at www.exhibitionsafrica.com can enroll in the business matchmaking programme which is also free. More details can be obtained from Exhibition Management Services on +27 11 783 7250.

SAITEX
*The 19th Southern African International Trade Exhibition for retail products*




# *Where has all the entrepreneurial spirit gone?*

There is a fear, as vague as it is threatening, that has cast a pall over our industry leaders. And it is all the more discomfiting because there is no clear reason for it. Never forget that many decades ago our retail industry was founded by buccaneers; men who were fearless in pursuing their ambitions, who regarded all problems as opportunities, and built mighty empires.

Perhaps it was the immigrant spirit – many of those pioneers were first or second-generation immigrants – but whatever it was, it worked. And feeding these businesses was another breed of identical, bold innovative spirits. These were the suppliers, the manufacturers of furniture with factories all over the country, but predominantly in what was then the Transvaal. They knew their customers, they knew their products and they manufactured for their customers. They were not afraid to travel overseas to surreptitiously 'acquire' the latest designs from top creative factories, then return to South Africa and reinterpret them for the local market.

Despite the dog-eat-dog competition there was a spirit of bonhomie amongst both retailers and their suppliers. They liked each other, spent quality time with each other and helped each other. They were never afraid of spending money to make money. The market was their oyster and they attacked it ferociously. They knew no other way and it worked. The industry thrived.

And that was just the furniture side. There were other companies, agents of global appliance and hi-fi manufacturers, TV importers and manufacturers, who all played with the same innovative energy, courage and drive. They wanted and demanded their share of the cake and they fought for it too.

There not only seemed to be room for all; there was. And why was this? The simple answer is that these companies, these competitors, by their fearlessness and energy, made space for themselves. And they too thrived. Every innovation, every new product, every new design or cosmetic change, every little or large technological advance was trumpeted loudly, brashly and marketed with creativity and aggression.

What have we become today? A dispirited bunch of corporates, with corporate thinking and corporate inhibitions terrified with stepping out of line and terrified of taking any chances at all. The entrepreneurial spirit which developed this great consumer goods market is virtually dead. And the result is plain to see.

The space carved out in earlier years has been allowed to shrink, and to carry on shrinking. Instead of making things happen, which is the true hallmark of the true businessman, trader or entrepreneur, our industry executives wait for things to happen. They cover their backs and allow the importance of the market to wither. They have no vision, no foresight and no balls. And they and their companies will continue to be at the mercy of their own inadequacy. Failure breeds failure and that leads to fear. Which is where we came in.

**Modern Sleigh Bed**

**Orient Dining Room Suite**

ARISTOCRAFT

in a class of its own

Telephone: (012) 333-3162/3/4, Fax: (012) 333-6453, 32 Eland Str, Koedoespoort, Pretoria, 0186

## Trimmings & Accessory Distributors cc

The directors and staff of Trimmings & Accessory Distributors would like to congratulate House Of Motani on the achievement of their 30th Anniversary

Suppliers of:
Zippers, Draw Cord, Knitted elastic, Sewing thread
Hook & Loop, Woven & Printed labels

Tel: (011) 706 3137 / (011) 706 4495

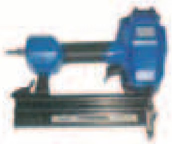
## S.A Lumber (Pty) Ltd.

# Congratulations on your 30th Anniversary

Timber Agents and Importers - Houtagentskappe & Invoerders
37 Harriet Ave/Laan, Germiston Ext/Uitb 4
Tel: (011) 873-1632
Telefax: (011) 825-1986 / (011) 873-1125
PO Box / Posbus 317, Germiston, 1400
Email: salfgh@global.co.za
Website: www.salumber.co.za

# Quality Springs cc

South African Agents for Bea Pneumatic Tools & Fasteners



**Distributors Of Industrial Staples, Coil Nails, Pneumatic Tools, Sagless Zed Springs, Hardware Products & Accessories, To The Furniture & Allied Manufacturing Industries.**

P.O Box 16032, 2028, South Africa
19 Davies Street, Doornfontein, Johannesburg, 2094, South Africa
Tel: +27 11 402-4250/7 Fax : 27 11 402-6661
Cellphone : 074 133 5659, 074 133 5671, 074 133 5674
email : qualitysprings@tiscali.co.za Website: www.qualitysprings.co.za

KZN Branch: 23 Bauhinia Road, Stanger
Tel: +27 32 551 2262 email: qstanger@mweb.co.za

**Proud Suppliers To The House Of Motani & Others In The Southern African Region**

31 - 15 STREET
EASTGATE GARDENS
COMMERCIAL PARK
MARLBORO
TEL: (011) 444-9360 / 1 / 2

# ACE FASTENER SUPPLIES C.C

P.O BOX 1410
KELVIN
2054
FAX: (011) 444-9363

IMPORTERS AND SUPPLIERS OF ALL TYPES OF INDUSTRIAL FASTENERS

**STOCKISTS OF:**
SELF TAPPERS, WOOD SCREWS, MACHINE SCREWS, POP RIVETS, XOX, HI-TENSILE BOLTS AND NUTS, FLAT AND SPRING WASHERS, SPLIT PINS, WELD NUTS, SOCKET HEAD CAP SCREWS, BRASS SCREWS, NAILS, WING NUTS, HEXAGON AND NULOC NUTS, FURNITURE NUTS, DOME NUTS, WELD STUDS, DRYWALL AND OTHER CHIPBOARD WOOD SCREWS AND MANY OTHER PRODUCTS, INCLUDING MNF OF SPECIAL COMPONENTS TO DRAWING SPECIFICATION.

Looking for a reliable fastener supplier?
WE ARE THE EXPERTS IN QUALITY, SERVICE AND DELIVERY

Company Registration No. CK 88/06247/23 | CELL: 083 227 8606 | CELL: 083 566 0228 | VAT Registration No: 40401 867

# House of Motani - national brand advertising



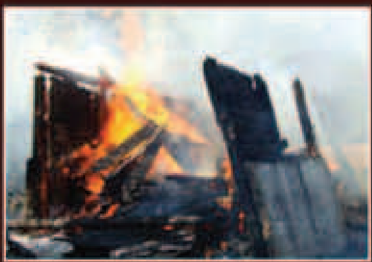

# FEEL-O-FOAM

**in pursuit of perfection ( part two)**

The House of Motani's core business is lounge furniture The Motanis realized that by 1996 the key strategic raw material – the mainstay of their group is undoubtedly – flexible polyurethane foam. The Motani's realized by 1996 that the key strategic raw material: the mainstay of their group – is flexible polyurethane foam. They needed reliable deliveries, with stringent controls of specified densities and flexibility at competitive prices. This was the key to manufacturing their products to comfort and durability specifications at the best possible value. Their only solution was to establish their own foam making factory. Thus followed over a year of intense research into cutting edge technology.

A new plant was developed and established by1997 with the opening of their own foam factory Feel-o-Foam. Initially, the Motani's objective was to manufacture sufficient volumes of high quality foam to achieve their densities and the flexibility specifications based on international standards – in sufficient quantities to keep pace with their own upholstery plants. Eventually, having been in the foam making business for seven years, they realized that there was potential to supply other industries with foam. And then:

**Tragedy struck.**



THE NEW FEEL O FOAM FACTORY TODAY

In August 2004, a devastating fire completely destroyed the Feelo Foam factory – that had been custom built in Pretoria.

By then, they also realized that there was potential to supply other industries with foam having been in the foam making business for seven years.

Ten Months later they announced the acquisition of an established foam factory – Megha Industries –, Johannes burg which was over 12,000 square meters – more than three times larger than the original Feelo Foam. This factory had excellent large scale production technology and huge production capabilities.

Within the Motani family group structure – the name changed to Feelo Foam.

## Conclusion

From the ashes and destruction of the original foam factory, instead of despair and "what ifs" – the Motani family took over a new factory, not only three times larger, but with huge potential to grow even more in the future. The original factory was built and opened to ensure the supply of foam made to strict quality and comfort specifications for the House of Motani's own lounge and motion factories. The new larger place made them a major player in the production of foam for themselves and also for the many other foam users in the furniture and other associated industries. This is undoubtedly another milestone for the Motani group – especially how they turned adversity into an opportunity.

**This is undoubtedly another milestone for the Motani group – especially how they turned adversity into an opportunity.**

feelo foam

# Motani Lounge

COREY

MOTANI LOUNGE

BRITTANY

BUGATTI CORNER

# Linc Designs

COREY

Linc designs

COREY

CHELSEA

# Gerald Yosh


VERDI


DANTE


RAVENNA


DANIELLA

# Motani Motion and Bress Design

GENESIS

CALVIN

CALIFORNIA

JOLIE AND DIANE CHAIR

PRADA

DIPLOMAT

# International Collection

HILTON

VANCOUVER

POLARIS DININGROOM

POLARIS PLASMA UNIT

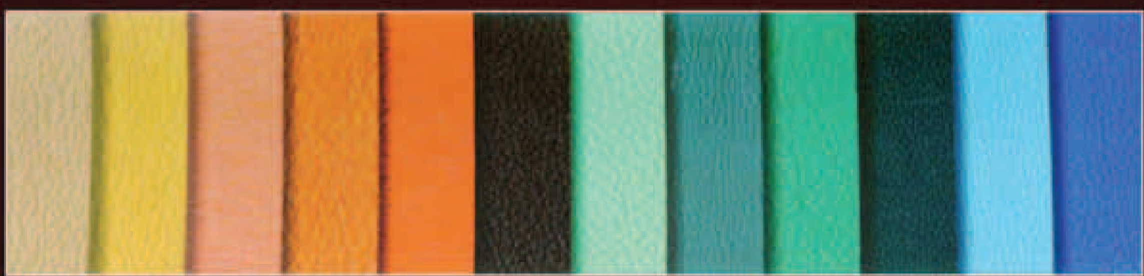
international collection

# EXCLUSIVE COLLECTION OF IMPORTED FABRICS IN NEW LIFESTYLE COLOURS

## WORLD'S LEADING TEXTILE MILLS CREATE EXCLUSIVE PATTERNS IN VIBRANT NEW FASHION COLOUR

We carry the most comprehensive range of various types of upholstery fabrics, in today's fashion colours, to appeal to every possible lifestyle aspiration.

To achieve this, we are committed to stocking over 1000 options in fabric categories and colour-ways. In addition to our multitude of patterns and plains, we offer a variety of unique coordinated collections – adding a new dimension to your lifestyle selections.



## "Living with leather"

Leather upholstered furniture makes a statement about today's lifestyle preferences.
It's soft, it's natural, it's casual and has class. And it gets better with age.
The House of Motani are specialists in manufacturing leather furniture.
Our leather is imported from the leading tanners in the world, particularly Italy and are available in a variety of qualities, textures and finishes - in a stunning range incorporating the latest International colours trends consistently.

## MOTANI'S "LIFESTYLE CENTRE" – with new signage shown below on pages 4 and 5 - "That puts our centre onto the map of Sandton"

Our lifestyle centre has been created as a showcase of our latest design innovations and key designs from all of our six brands. Retailers are invited to bring their customers to our showroom. The centre offers the discerning customer an opportunity to see the most comprehensive range of designs - appealing to all lifestyle aspirations. Trained consultants are on hand to explain the multitude of options available in designs, combinations, fabrics and leathers. .

Over 4000 square metres of showroom on two floors.
Over 80 lounge and dining-room suites are displayed – each in the own lifestyle setting complete with selected rugs, lamps, ornaments, tables, paintings and other accessories creating the "Total Look" of each setting.
Customers can select just the right options in style, combination, fabric or leather and the colours to suit their own lifestyle aspirations, taste and needs.
Any design on display is available individually or in any combination.

In the words of one furniture retail executive at the opening who is world-travelled: "This is of an international class and a historic moment in the history of the furniture trade in South Africa and must have an impact in the way we market our products in the future."

## PUTS MOTANI ON THE SANDTON MAP


# NELSON MANDELA
## OPENS MOTANI'S LIFESTYLE CENTRE


President Nelson Mandela, watched by Omar Motani unveils the plaque officially opening the House of Motani's Lifestyle Centre.

Omar Motani's family of 8 sons and daughters, their wives and husbands, his nephews and grandchildren and other immediate family join Omar and Madiba on stage to the applause of the crowd at the opening ceremony.

**NELSON MANDELA OPENS MOTANI'S LIFESTYLE CENTRE**

On the 28th September 2004, Nelson Mandela, a world icon, living legend and the father of " South Africa's democratic "rainbow nation" officially opened Motani's unique Lifestyle Centre. "I am very happy indeed that I have been able to be here on this special occasion" – especially for a man such as Omar Motani – who had the vision and determination to guide your company from humble beginnings to the dynamic group that it is today – as seen in this magnificent show-room".

President Mandela's speech held the audience spellbound with his eloquence, sincerity and humour. It was an honour to be in his presence.

## LIFESTYLE CENTRE NEW SIGNAGE

# IN PURSUIT OF PERFECTION

**ZAHIR MOTANI Joint MD**

**OMAR MOTANI Chairman**

**FARID MOTANI Joint MD**

**RESHARD MOTANI**
**Marketing Director**

## The House of Motani is a Family Business

In 1982, Motani Lounge was founded by Chairman, Omar Motani, who was soon joined by his three sons, Zahir, Farid and Reshard to run the company.

Omar believed in striving for quality and value in his venture. Motani Lounge experienced dynamic growth and grew into "The House of Motani"– the largest independent group of furniture manufacturers in the Southern Hemisphere.

Other members of "Omar's extended family" joined in key positions. Motani take pride in the products manufactured by each of their six factories. In fact, that's why they put their own family name onto every item they manufacture.

## Quality Controls, Computerized Technology

Realizing that South African consumers were becoming more, discerning and quality conscious, The "House of Motani" introduced quality controllers at each production process and a final inspection. Testing machines were installed which included tests for fabrics; springs; framework; upholstery, sewing and foam. These tests measure strength, durability, comfort, abrasion and accuracy In this way, the Motani group built up a reputation for superior quality. Major benefits to the end consumer include high precision, superior quality, durability and comfort.

## Product Design

Motani specialize in genuine leather. Keeping informed of international trends, They are committed to ongoing research, design and developments. Collectively, the group offers an incredible variety of up market innovations and exciting designs in every product category. These appeal to all lifestyle aspirations. Improved comfort dimensions are achieved by investing in new production methods – new technology and new innovations in raw materials

## Partners in Business– Customers and Suppliers – feedback

We consider our customers and suppliers - our partners in business. By working closely with our customers for feedback regarding their customer's lifestyle aspirations. Through alliances with our key suppliers, we are kept informed of new developments in technology, cutting edge raw materials e.g. 'Fibre Fill" which makes backrests "Cloud soft" Also the latest fashion trends in fabrics, genuine leathers and new international colours.

Part two of " in pursuit of perfection" continues on page 11

# House of Motani

## 30 years of progress - 1982 to 2012

**1982** - Launched **Motani Lounge** – producing mainly modern upholstered lounge suites in leather and fabrics. Targeting the mass middle/upper income groups, they offer exceptional value for money. This company grew to become one of the largest upholstery factories in the country.
37 Eland Street, Koedoespoort, Pretoria, Tel: (012) 333-0016

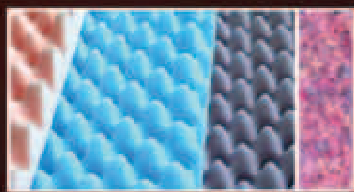
**1986** - Acquired **Linc Designs** – manufacturing case goods in wall units, entertainment units, dining room and bedroom, in lacquered finishes for the mass market and upper end niche markets.
2 Nelson Road, Booysens, Tel: (011) 493-9006

**1990** - Took over **Bress Design** – a specialized manufacturer of Premier upholstered lounge furniture. In 1996 introduced "Chateau Collection" - hand carved showood frames, upholstered in genuine leather. At the same time, the factory trebled in size to also accommodate the manufacturing of the famous "Gerald Yosh" branded products.
43 Ramsey Street, Booysens, Tel: (011) 493-7721

**1992** - Formed **International Collection** – initially sourcing and importing "knock-down" exotic occasional furniture. This division has expanded considerable and now carries in depth ranges of imported leather lounge suites, dining room suites and bedroom suites and all accessories.
5A Koster Street, Booysens, Tel: (011) 493-0644 / 40

**1995** - Acquired **Gerald Yosh**, our largest competitor and best known brand in the "upper end" lounge furniture market. Now produced at the Bress Design factory and aimed at specialized "niche markets", their collections include: "Platinum Collection" and "Inspirations" - ensembles of innovations in contemporary lifestyles.
43 Ramsey Street, Booysens, Tel: (011) 493-7721

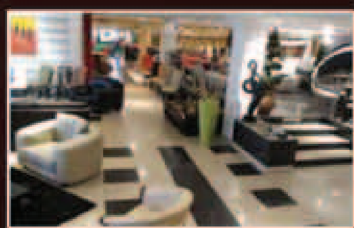
**1997** – Launched **Feel-O-Foam** – Motani's own foam making and fabricating plant. A fire devastated our hi –tech plant completely - but within 10 months we trebled the size of this factory by the take-over of Mega Foam in 2005. This company uses state of the art technology and equipment in producing foam to ensure that Motani's high quality standards in foam are consistently achieved. And has enabled us to supply foam to other industries.
13 - 15 Koster Street, Booysens, Tel: (011) 493-2850,
www.feelofoam.co.za



**1999** – Established **"Motani Motion"** specializing in all "motion furniture", including recliner lounge suites, recliner corner and home entertainment suites sleeper settees and an extensive range of recliner chairs. Their varieties of "cutting edge" mechanisms are imported from leading manufacturers in Europe. At inception, we had a five year license agreement with La-Z-Boy USA that launched us into motion Furniture and terminated at the agreed time.
43 Eland Street, Koedoespoort, Pretoria, Tel: (012) 333-0016

"Lifestyle Centre"

**2004** - Opened the **House of Motani "Lifestyle Centre"** – This spectacular world class "Lifestyle Center" is a showcase of all our key products, brands and collections, and special imports, displayed in "total look" settings, with accessories -across all design categories. This helps customers choose their own lifestyle design and over 1000 options in leather or fabric in a spectrum of fashion colours. The signage shown in this feature has just been created.
777 Andries Street, Wynberg, Sandton, Tel: (011) 786-4665,
www.motani.co.za



June - July 2012
HGR
Home Goods Retailer

**SPECIAL REPORT**
**30 YEARS OF**
**INSPIRATION AND INNOVATION**

1982 to 2012
# thirty years
of progress

House of Motani "Lifestyle Centre"

more magic milestones in the making

777 Andries Street, Wynberg, Sandton, Telephone: (011) 786-4665, Website: www.motani.co.za