

# Walmart entry into SA 'could help keep suppliers on their toes'

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Cape Editor

CAPE TOWN — Walmart's entry into SA could have positive spin-offs for more than just consumers and the retail sector, Nestlé SA MD Sullivan O'Carroll said yesterday.

Interviewed on the fringes of the World Economic Forum on Africa yesterday, he said while the debate

up to now had focused on labour issues and retail competition, Walmart's acquisition of Massmart could also help keep suppliers on their toes.

Mr O'Carroll said Nestlé, a significant producer of fast-moving consumer goods for the region, is critically aware that its cost base is often higher than those of competing manufacturers in places such as

Thailand and Malaysia. "At the end of the day, even if Africa has all the resources, if a customer can buy a shirt or diamond cheaper elsewhere in the world they will do so. If Walmart's presence in SA forces us as suppliers to be more efficient, it will be to our competitive advantage internationally too."

Mr O'Carroll said while labour costs worked to SA's disadvantage

compared to competitors in Asia in particular, there were other areas where efficiency could be improved to raise productivity, and pressure from retailers such as Walmart could be the catalyst that was needed.

"I don't think they are in for an easy ride though. The retail sector in SA is extremely competitive already," he said.

He said the strength of the rand

against the dollar was a blessing in disguise for local consumers because it shielded food companies from "much higher resource prices that we would have had to pass on".

"I do not personally expect the rand to weaken that much in the short term, but we need to use the opportunity presented by the shield to improve our efficiencies."

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