

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Why loyalty could cost you more

Being a supermarket's favourite customer could become an expensive compliment. You return every week, buy familiar brands, and seldom compare prices. That makes you dependable. It may also tell the retailer that you need less encouragement to spend than the customer who keeps shopping around.

This possibility gives the humble loyalty card a more interesting role in the economy. In its 2026 Integrated Report, Shoprite says its rewards programme provides more than 5 000 data points per member. The group uses customer information to help shape pricing, promotions, and product ranges. Every shopping trip adds to the picture. The coffee bought only on special, the washing powder purchased regardless of price, and the switch to a cheaper brand can all reveal different things about the same household. You might be highly price conscious in one aisle and remarkably predictable in the next.

When your shopping habits become valuable data

A working paper published this month by the Toulouse School of Economics explores what these patterns could be worth. Using records from a supermarket in the United States, researchers simulated personalised pricing based on customers' purchase histories. With a year's history, modelled profits increased by 7.1% compared with uniform pricing. About 84% of consumers benefitted. Yet, consumers collectively became worse off, because the losses imposed on a minority exceeded the smaller gains spread across the majority. Overall economic benefits increased because the retailer gained more than consumers lost.

This is the twist: Most customers could truthfully say that they were getting a better deal while consumers, as a group, lost ground. A retailer could improve its reputation for savings even as more of the economic benefit flowed towards its own profits. The research does have limits in that it models only one store and does not capture competition between supermarkets. These are simulated possibilities, not findings about South African chains. Rivals offering better deals, implementation costs, and customers' objections could all make personalised pricing less profitable.

The real value of knowing your customer

For investors, a loyalty programme starts to look like more than a marketing expense. It can be a source of knowledge that a new competitor cannot instantly copy. A rival can match a shelf price overnight, but reproducing years of customer behaviour is a completely different undertaking. The commercial temptation is clear: A blanket discount rewards everyone who buys the product, including shoppers who would have paid full price. A targeted discount can concentrate the retailer's generosity on customers whose decisions it might actually change. Being a good customer and needing a good offer become different things.

Competition can turn this information against the seller. If rivals use it to identify dissatisfied shoppers and offer them better deals, prices could fall. The Bank of England emphasises this point by noting that the result depends on the strength of competition and how easily customers can compare offers.

There are also benefits beyond pricing. Better forecasts can reduce waste and help stores stock what customers want. Relevant offers can save shoppers money and spare them endless searching. These efficiencies matter in a country where getting to another supermarket can, in itself, involve considerable time and expense.

That being said, convenience makes the economic question more interesting. A customer who values a quick, familiar shop may accept a higher bill without being particularly wealthy. The willingness to pay more can reflect a shortage of time as well as an abundance of money. An efficient pricing system need not feel fair.

For shareholders, the opportunity comes with a condition: Customers must continue to trust the bargain. A retailer that earns slightly more today, but teaches its best customers to distrust tomorrow's offers, could damage something much harder to rebuild than a discount campaign.

Your retirement portfolio may benefit from a supermarket that understands its customers exceptionally well. Standing at the till, you might wish it understood you a little less.

IN CLOSING

Attached, please find our latest update on global indices, currencies, and commodities, as provided by Efficient Private Clients.

Kind regards
Efficient Corporate Solutions



YOUR WEEKLY ECONOMIC UPDATE

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UPDATE

Global Indices, Currencies and Commodities, 28 October 2026

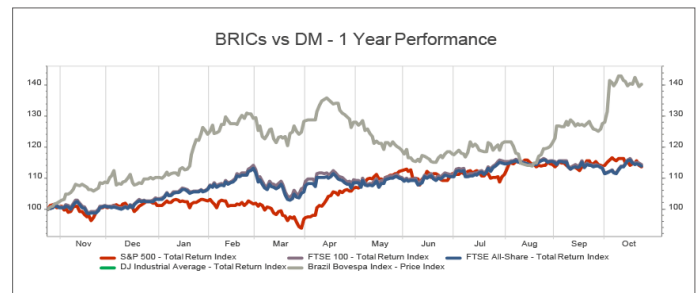
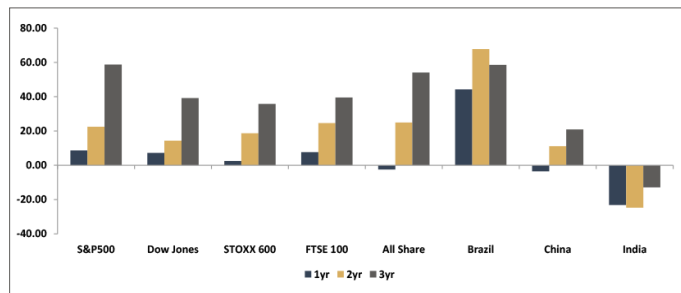
GLOBAL INDICES

South Africa	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	108020.14	-2.6%	-3.2%	-2%	12%	10%
Top 40	99990.91	-3.1%	-3.7%	-3%	13%	11%
Mid Cap	107029.37	1.0%	2.0%	1%	8%	7%
Small Cap	108571.33	0.8%	0.4%	6%	11%	11%
Resource 20	111881.01	-7.6%	-10.1%	3%	35%	12%
Industrial 25	119778.19	-1.0%	1.0%	-17%	1%	7%
Financial 15	25257.87	-0.2%	-0.8%	9%	10%	13%

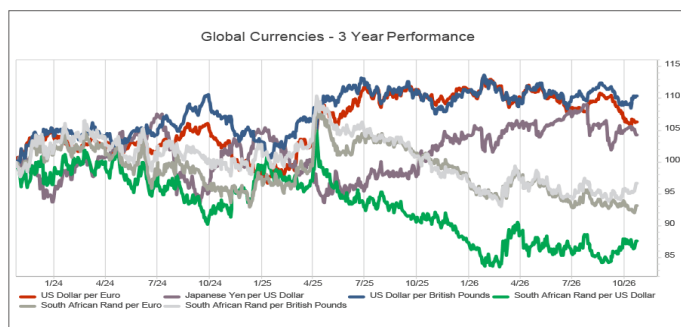
Europe	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10690.36	-1.8%	-0.1%	12%	14%	8%
DAX 30	25181.65	-1.7%	-0.9%	4%	14%	10%
CAC 40	7782.82	-2.2%	-4.2%	-5%	2%	3%
STOXX 600	635.77	-1.4%	-0.6%	11%	11%	6%

Asia	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	62693.16	-4.0%	-3.6%	29%	28%	17%
Hang Seng	23093.37	-4.5%	-7.0%	-11%	5%	-2%
Shanghai	3690.4753	-0.7%	-6.3%	-6%	6%	1%
India SENSEX	73123.83	-2.1%	-2.3%	-14%	-4%	4%

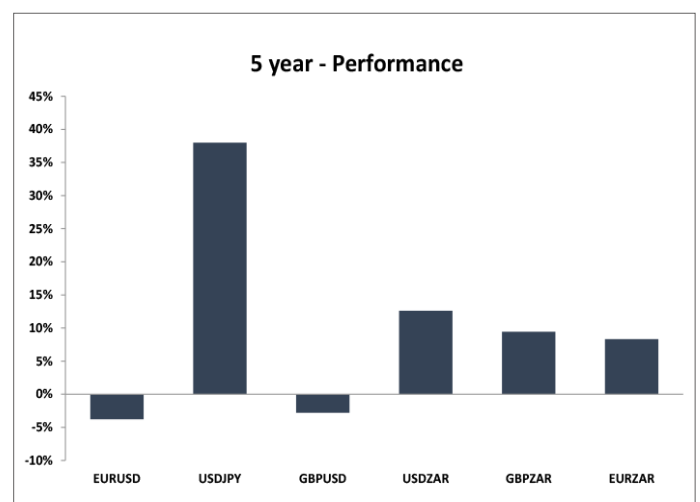
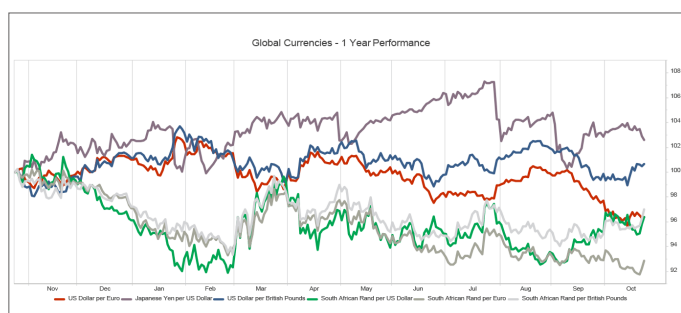
Americas	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	52215.16	0.4%	1.4%	12%	11%	8%
S&P 500	7623.68	-0.5%	-1.1%	13%	15%	11%
Nasdaq	25955.342	-0.7%	-3.6%	13%	19%	11%
Russel 1000	52215.16	0.4%	1.4%	12%	11%	8%
Brazil Bovespa	205082.56	-0.2%	10.4%	41%	26%	14%



CURRENCIES

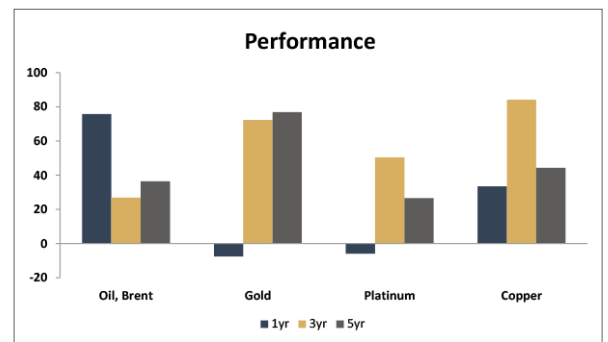
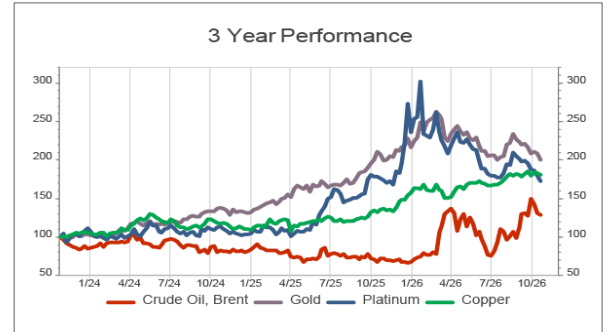
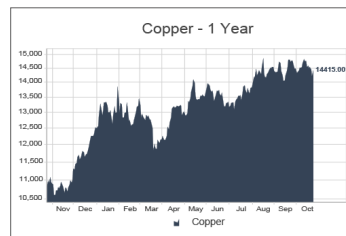
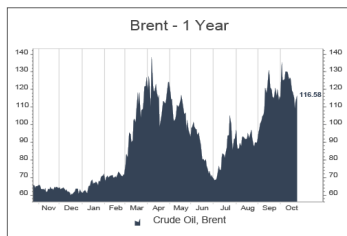
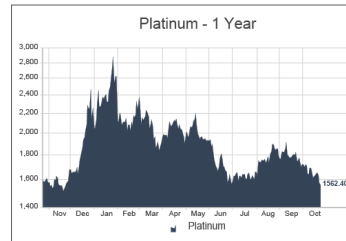
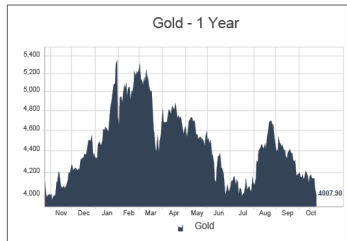


Currencies	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.61	0.7%	1.8%	-4%	-3%	2%
GBP/ZAR	22.24	1.1%	2.8%	-3%	-1%	2%
EUR/ZAR	18.61	0.2%	0.0%	-7%	-1%	2%
AUD/ZAR	11.68	1.9%	1.9%	4%	0%	1%
EUR/USD	1.12	-0.3%	-1.7%	-4%	2%	-1%
USD/JPY	156.76	-0.7%	-0.3%	3%	2%	7%



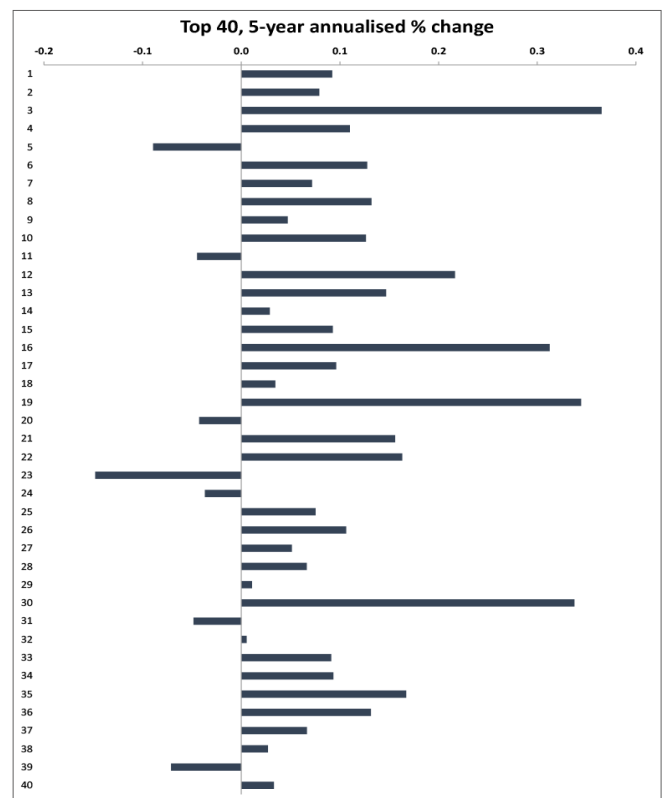
COMMODITIES

Commodities	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4007.90	-4.1%	-7.2%	-8%	15%	15%
Platinum	1562.40	-4.3%	-11.6%	-6%	18%	11%
Silver	53.95	-5.9%	-17.0%	6%	20%	19%
Brent Crude	116.58	-2.3%	-0.7%	76%	25%	-6%
Copper	14415.00	-1.2%	-2.2%	34%	24%	5%



TOP 40

Top 40		Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	219.80	0.9%	-0.2%	13%	15%	9%
2	ANGLO AMERICAN PLC	808.15	-9.8%	-8.1%	21%	24%	8%
3	ANGLO GOLD ASHANTI	1386.36	-10.3%	-14.3%	18%	60%	37%
4	ANHEUSER-BUSCH INBEV	1401.60	3.1%	11.1%	32%	10%	11%
5	ASPEN	155.94	-0.5%	-1.7%	51%	-7%	-9%
6	BHP Group Limited	644.57	-7.5%	-7.6%	33%	14%	13%
7	BID CORP LTD	465.31	1.6%	5.3%	4%	3%	7%
8	BRITISH AMERICAN TOBACCO PLC	983.37	0.5%	7.8%	10%	26%	13%
9	BIDVEST GROUP LIMITED	239.64	3.6%	4.8%	6%	-7%	5%
10	COMPAGNIE FINANCIERE	3259.00	-7.3%	-3.6%	-7%	12%	13%
11	CLICKS GROUP	216.57	-9.8%	2.2%	-41%	-24%	-4%
12	CAPITEC	4533.47	1.8%	1.3%	12%	19%	22%
13	DISCOVERY	269.10	0.3%	2.4%	20%	24%	15%
14	EXXARO RESOURCES LTD	186.91	4.4%	5.4%	7%	5%	3%
15	FIRSTRAND	89.86	-0.3%	-3.0%	8%	5%	9%
16	GOLDFIELDS LTD	578.50	-7.8%	-13.6%	-18%	34%	31%
17	GLENORE PLC	118.47	-8.2%	-0.6%	48%	13%	10%
18	GROWTHPOINT	15.67	1.8%	-2.3%	-2%	9%	3%
19	HARMONY GOLD MINING	261.78	-8.1%	-14.4%	-17%	13%	34%
20	IMPLATS	169.86	-9.6%	-14.5%	-16%	25%	-4%
21	INVLTD	129.32	-0.7%	-4.9%	-3%	-2%	16%
22	INVESTEC	131.50	-0.7%	-4.9%	-2%	-2%	16%
23	MONDI PLC	164.30	0.0%	-9.0%	-16%	-25%	-15%
24	MR PRICE GROUP LTD	169.81	-1.3%	5.0%	-23%	-18%	-4%
25	MTN GROUP	196.00	3.6%	1.2%	17%	48%	8%
26	NEDBANK	288.48	-0.1%	-1.5%	19%	-1%	11%
27	NASPERS -N	684.30	-5.0%	-3.9%	-44%	-9%	5%
28	NEPI ROCKCASTLE PLC	141.43	1.0%	-2.5%	1%	0%	7%
29	OLD MUTUAL LTD	13.99	3.5%	1.6%	-1%	6%	1%
30	OUTSURANCE	86.01	2.4%	2.2%	17%	21%	34%
31	PEPIKOR HOLDINGS LTD	18.16	-1.3%	0.1%	-32%	-11%	-5%
32	PROSUS NV	637.63	-4.9%	-4.8%	-46%	-8%	1%
33	REMGRO	200.32	-2.9%	-3.3%	16%	14%	9%
34	REINET INVESTMENTS SCA	444.18	-0.4%	1.0%	-21%	-4%	9%
35	STANBANK	295.03	-4.2%	-3.7%	15%	12%	17%
36	SHOPRITE	341.48	4.0%	6.1%	17%	10%	13%
37	SANLAM	84.95	-0.1%	4.6%	-10%	-2%	7%
38	SASOL	300.56	12.4%	29.8%	165%	70%	3%
39	Sibanye Stillwater Ltd	37.71	-10.4%	-12.8%	-22%	40%	-7%
40	VODACOM GROUP LIMITED	161.77	3.2%	7.8%	18%	23%	3%



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