20 years

Sunday Times

TOP BRANDS 2018

CELEBRATING 20 YEARS OF BRAND EXCELLENCE

OCTOBER 2018

Introduction

20 years and counting

Reardon Sanderson — group GM: Sales & Marketing at Tiso Blackstar Group

The changing face of consumers and the business environment over the past two decades, writes **Reardon Sanderson**

● This year we celebrate a milestone 20 years of the Sunday Times Top Brands Survey, where we acknowledge the consistency, quality, and marketing prowess that has brought brands into our hearts, our homes and, alas, emptied our walle .

Twenty years ago, we could never have anticipated the longevity of this survey and how it would become the industry's leading – and most quoted and respected beacon – for enlightening brands about the changing and fickle nature of consumer preference.

And aren't we all fickle consumers? Few of us are immune to the novelty of fresh, new products, flashy packaging, or bigger-and-better, more competitive deals? Even previously "un-sexy" brands in "un-sexy" categories have started giving consumers pause for thought with innovative advertising and more dynamic brand identities.

Every brand wants a piece of consumer spend, and they're having to work harder than ever to impress. It's this competitiveness and innovation that forces each and every marketer to stay on their toes and up their game.

Twenty years ago, did we really understand how ubiquitous technology and the Internet would become in influencing the nature of brand marketing? Social media? Facebook? Twitter? Instagram? Twenty years ago, the concept of a 360-degree approach to a campaign was definitely not the challenge it is today: print plus online plus social plus programmatic... plus, plus, plus.

We didn't expect that brands would need to invest in a social conscience. Today, brands are no longer just products in good-looking packaging... they have to be about something more, about giving back, about supporting a cause, making a positive difference. We expect authenticity and sincerity about what the brands we use represent, and we're "woke" to brands that just want to make a quick buck.

There are brands that have evolved with such sensitivity to the changes taking place in the minds of consumers that we have to acknowledge the impacts they're making. This year, Coca-Cola has won both the Social Investment and Green awards in the Consumer sector of the survey. Nedbank received the Social Investment Award in the Business sector, with FNB receiving the Green award in the Business sector as well. These are huge organisations who clearly understand their responsibilities to our citizens and the environment, and we are delighted to celebrate their hard work in these areas.

Consumer behaviour and consumer perception about brands is definitely changing. This is what makes the Sunday Times Top Brands survey, conducted by our partner, Kantar TNS SA, such a valued and respected benchmark for the Industry. We'd like to thank Kantar TNS SA for their commitment and partnership over the years. Their research strategy stretches across the country, across demographics, with population sampling that is independently selected and representative of all South Africans.

They conducted face-to-face interviews with 3,500 adults in the metro and non-metro areas of SA in the consumer sample. The business sample represents businesses of all sizes. The final results have been weighted to represent the population according to StatsSA 2015 mid-year population estimates. The integrity of their methodology is essential in keeping the Sunday Times Top Brands survey credible and reliable.

We're also pleased to announce the brands that have proved to be perennial favourites with South Africans, and have won the Overall Grand Prix awards: KOO in the Consumer sector, and Discovery Health in the Business Sector. Congratulations to both of them.

Tiso Blackstar's ongoing support for the Sunday Times Top Brands survey is to give marketers the research they need to not only become more competitive, but to deliver real value to their consumers. Over the past20 years, the Sunday Times Top Brands Survey has been able to share insights about the endearing longevity of some brands, highlight the catch-up game that needs to be played by others. We once again look forward to sharing these with our readers and advertisers.

Foreword

Branding in the new world order

In this new reality, it is important for clients to future-proof their brand, writes **Leigh-Anne Acquisto**

● The biggest shift in branding over the past 20 years has been the ease with which consumers are prepared to switch allegiance from one brand to another. The key reason for this is that in the past, information was limited. The lack of intel made consumers less likely to change brands in order to avoid the risk of wasted money or time. Due to this fear, loyalty was born, more out of necessity and anxiety rather than a true affinity to the brand.

Enter the age of access. Access to endless information, recommendations, shared content, and opinions on anything and everything you ever wanted or needed to know about. Consider the transparency of social media today, which enables consumers to be savvier, to be on top of trends, and to make genuine and informed decisions based on more than just a historical, emotional connection to a brand.

While this is our new reality, it didn't just arrive on our doorstep in a whirlwind of innovation. It has been developing for many years, and those brands which have evolved into this new marketplace have done so because they haven't been complacent. These successful brands understand a few things that their predecessors and failing competitors don't:

Connection is the new capital.

People don't want to connect with brands, per sê. Rather, they want to connect with each other through platforms and experiences that brands can enable. Facebook, WhatsApp, LinkedIn, Instagram, and YouTube are just a few brands who have understood this desire for connection and authentic experiences and met this need very well.

Your customers are your best advertising opportunity. Valuing and prioritising your customers is as valuable today in the strategy of building brands as consistency was 10 years ago. This is largely because people trust people more than they trust brands. Ultimately, positive word-of-mouth is worth more than any paid-for marketing campaign. A customer's attention may be the scarcest resource in this new world order.

The advent of digital and social media has meant that people are now exposed to even more messages and content than ever. They are over-messaged and exhausted. The brands that have the ability to break through this over-exposure and garner interest are the ones that create genuinely interesting and insightful content that adds value to people's lives and incites them to actively seek the brand out.

GoPro is one such brand that has captured global consumer attention and imagination. Unlike most electronic brands, GoPro doesn't feature a lot of promotional advertisements on their social media pages. They choose not to push content down people's throats and instead, much of their content is personally shot by people using their own GoPro cameras. Now, GoPro's characteristic first-person video footage has become so popular online that their YouTube channel boasts more than 5.1-million subscribers. Consumers are more in control than ever, ignore them at your peril.

Leigh-Anne Acquisto— Chairperson: Brand Council of SA

There are a number of consumer shifts that brands need to come to terms with in order to survive in this new world order. The first of these is the absolute need for instant gratification, instant delivery, instant everything. This is a key trend particularly among millennials who have grown up in an era where time is short and attention spans are shorter. Everything from food and clothes shopping to catching an Uber and even medical advice is delivered in real time and on demand. This is their experience, their truth, and what they have come to expect from brands.

Secondly, consumers expect a lot for free. The Googles of the world have shaped this paradigm by making their primary product (information) available to all, for free.

Is your brand futureproofed?

Those brands who have successfully navigated past previous paradigms or been created in the halls of the future, have realised that branding in the 21st century is about more than a logo, packaging, and a great web presence. Instead, they have intentionally focused on becoming an engaging and multidimensional presence. They invite consumers to participate with their offering and experience their journey and value proposition. This is how they have pioneered their success in this new world order.

One of the great branding triumphs of the last few years is Coca-Cola's "Share a Coke" campaign. Subversively, Coke replaced their logo, one of the most valuable brands in the world, with consumers' names. And people from all tribes, nations, and tongues could find their bespoke can. It was a gift from the company and customers loved it. Suddenly the brand was personal, and they accomplished this by adjusting to culture while staying true to their brand identity. The past 20 years of branding has taught us that you need to be relevant, have the agility and insights to change with the times, and offer renewed value to consumers on multiple levels and across multiple platforms in order to be successful.

Insight

The evolution of top brands over the years

While some brands remain popular and new entrants shine, others have either lost their lustre or disappeared

By **Marcia Klein**

● In the 20 years since the Sunday Times published its first Top Brands survey, the world has moved faster than it has over the entire history of human beings.

There has surely never been a time in our history when there has been so much innovation and where so many new products have been introduced and rapidly accepted across the globe.

Top global brand rankings feature companies like Amazon, Apple, Google, Tencent, facebook and Alibaba, some of which hadn't even been launched 20 years ago. Facebook, for example, started in 2004 and most of these global megabrands only started in the 1990s. Amazon, which was launched in 1995, was valued by Interbrand in October this year as the most valuable global brand worth over $214bn.

Despite the onslaught of new brands, there are still many traditional brands which have stood the test of time. Coca-Cola, which has been around since 1892, still ranks fifth globally according to the Interbrand report and is second on the SA 2018 Top Brands consumer rankings after KOO, which has retained its number one position — a position it held at the outset in the 1998 Top Brands survey.

Despite the onslaught of new flashy brands, KOO, which has been making tinned products since 1940, has managed to keep its brand top-of-mind. Started by a group of Western Cape farming families who formed the Langerberg Ko-operasie, rumoured to be where the name KOO comes from, KOO combined peaches and a tin in what was then an innovative solution to make peaches available all year round. When marketing was in its infancy, they positioned the brand around "sealed-in" goodness, and awareness and acceptance of the brand has clearly stuck.

Picture: STEPHANIE LLOYD

Picture: Jeremy Glyn

As the Sunday Times Top Brands marks its 20th year of publication, many of the top brands of 1998 still feature as the brand of choice for SA consumers.

The researchers have changed over the years, as have elements of the methodology, but brands like KOO, Coca-Cola, Shoprite, Tastic and KFC continue to thrive and retain consumer loyalty and admiration.

New categories, like bottled water, ciders, alcoholic coolers, microlenders and loyalty programmes have been introduced as con-

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sumer habits changed and new products came to the market.

Others are no longer measured, such as cigarette brands, although not necessarily because people have stopped smoking, but perhaps because of the taboo of recognising the value of cigarette brands. The top cigarette brands 20 years ago were Peter Stuyvesant, Rothmans, Lexington and Consulate and the rankings would have changed considerably by 2018.

One noticeable change is that state-owned entities like Eskom and Telkom were revered 20 years ago, but not so much today.

In 1998, the top 10 brands were Telkom, Eskom, Coca-Cola, SAB, OK Bazaars, Pick n Pay, Spar, Toyota, Standard Bank and Volkswagen.

Brands introduced in the new companies category in 1998 included Pepsi, Volvo, McDonald's, Daewoo, IBM/ISM, Kodak, Hyundai, Ford, Vodacom and Renault, reflecting the entry of global brands into the SA market following the dawn of democracy, rather than the march of new technology and innovation. Vodacom, which was launched in 1994 together with cellphone technology, was the only representative of the burgeoning mobile technology sector to feature in the new brands category in 1998.

Known in 1998 as the Sunday Times Markinor Top Brands Survey, with research done by Markinor on a sample of 3,500 people over the age of 16 in metropolitan and rural areas, the Top Brands research measured spontaneous awareness of brands.

Since then, the research has become increasingly nuanced.

The Top Brands 2018 is researched by KANTAR TNS, which has worked with the Sunday Times on the Top Brands survey since 2009. Its methodology is to look at brand penetration in the marketplace, relative strength among users and relative attraction among non-users.

Survey respondents are asked about brands they used in a defined time period, brands they were familiar with and a rating on a 10 point scale.

Final scores represent the brand's standing in the marketplace and in people's minds.

The sample is still 3,500 people over age 18, with 2,500 interviews in metropolitan areas and 1,000 in non-metro areas. The business sample consists of 468 people in CEO, CFO or COO positions from organisations of all sizes.

Commenting in the 1998 Top Brands survey, Jeremy Sampson, then at Interbrand and now executive director, Africa at Brand Finance, said products are a physical entity made in a factory while brands are a psychological entity made in the mind. He said a brand is "a mixture of tangible and intangible attributes symbolised in a trademark which, if carefully managed and nurtured, is capable of exercising a powerful influence". The same is true for a brand today.

The 2018 top consumer brands are KOO, Coca-Cola, Samsung, Shoprite, KFC, Tastic, Lucky Star, All Gold Tomato Sauce, SABC 1 and Pick n Pay, many of which have been carefully managed and nurtured over many years.

"There is a remarkable stability with many brands represented 20 years ago and today," said Andy Rice, founder of marketing strategy consultant Yellowwood Future Architects and a branding and advertising consultant.

There are a few notable exceptions where brands have come from nowhere to become consumer favourites. In the banking sector, Capitec, which was only established in 2001, is now the top banking brand. Samsung, which was not mentioned 20 years ago, was top in three categories this year including cellphones, electronic goods and large kitchen appliances and was ranked third overall.

Looking at new brands introduced into the research 20 years ago, and the general consensus that the failure rate of new brands is high, only a few of the brands have disappeared or declined, like Daewoo and Kodak. This was not the result of what they did in SA but due to corporate issues globally. "I think the Top Brands results indicate that SA has a good brand building culture – we have done a good job and we keep our strong brands strong," Rice said.

Some categories have hardly changed at all, he said, while the results also show the growth of brands which were relatively unknown but are now brands people refer to spontaneously, like Nando's, which is just over 30 years old.

Sampson said it was important to look at actual scores in the Top Brands research. While average scores in some consumer categories are very high, others reflect low overall scores, such as short term insurance, furniture and bed stores.

"This shows there are weak areas in categories like short-term insurance, where brand awareness remains weak."

Sampson said the biggest opportunity 20 years ago was in short-term insurance, and companies like Discovery and Outsurance have been innovative and provided a fresh approach, but the results indicate this is a sector that is calling for brand innovation.

The evolution of banking brands has been significant. Twenty years ago, the brands that dominated were Standard Bank, FNB, Volkskas and United Bank. Ten years ago, Absa (which had incorporated Volkskas and United) was the number one bank, followed by Standard Bank FNB/First National Bank, Nedbank and Ithala.

In 2018, Capitec, which did not feature 10 or 20 years ago, is now the number one bank, followed by FNB, Standard Bank and Nedbank, with Absa/Barclays dropping to fifth place.

The Capitec brand has shot the lights out, said Sampson, coming into an industry without the legacy of the past. Established banking brands were caught "stuck in their ways".

Sampson said the banking sector is set for further disruption with the launch of Discovery's new bank and Bank Zero.

Brand Finance ranked Capitec as SA's strongest brand in 2018, estimating that its brand value increased 35% to R6.8bn based on various criteria including marketing investment, familiarity, reputation, loyalty and staff satisfaction.

It was not, however, the most valuable brand. That was MTN, whose brand value was estimated at R44.2bn. It may have the highest brand value, but this has not made it SA's favoured cellphone brand. In the Top Brands research, MTN is ranked second after Vodacom.

Among the biggest declines over 20 years are the state-owned companies Eskom and Telkom.

Telkom was ranked first overall 20 years ago, and Eskom second and they were also ranked the top two most admired companies.

By 2008, Eskom was ranked sixth while Telkom had dropped off the top 10. Today consumers would be hard-pressed to vote Eskom as their favourite brand. Telkom mobile remains on the rankings, at number three among cellphone providers, while other state owned companies like the SABC and SAA remain highly ranked despite their significnt financial, management and corporate governance troubles.

Sampson said that 20 years ago, Eskom was "a fantastic company", benchmarked against top industrial companies in the world, but its brand has been decimated.

There have also been significant shifts in retail. Twenty years ago, OK Bazaars was the number one retailer, followed by Checkers, Spar, Pick n Pay, Edgars, Woolworths and Shoprite.

In 2018, the top retailers are Shoprite, Pick n Pay, Clicks, Makro, Edgars, Woolworths, Spar, Tops at Spar and Checkers.

While OK stores still exist, only OK Furniture stores still rank in the furniture store category.

While Rice pointed to the consistency and strength of many brands over many years, he pointed out that the role of brands in society is changing. "I am not sure when this will become evident in the rankings, but brands are competing in communities, not categories," he said.

Rice said consumers are increasingly being loyal to brands with a strong sense of purpose, with top brands globally increasingly showing they are sustainable living brands, with a significant part of their raison d'etre being to leave a social legacy.

While the Top Brands recognises green brands and has a community award, a brand's sense of purpose will become increasingly important. There will, in future, be a significant focus by consumers on brands that are socially responsible and have a purpose, Rice said.

"I also hope that business people are becoming more brand conscious," he said. "There are not many companies that can put their hands on their heart and sat they are brand led." He said strong brands have strong commercial results, and that creativity is a CEO's "strongest weapon".

"I am encouraged by that, but I do think we are losing the courage we had as brand builders some years ago." Reflecting on the "golden age" of advertising in the 1980s and 1990s, he said many companies have "lost the courage to be creative", falling back on the use of data to try to provide proof that their products are effective and believing there is no need to be creative.

Some international research also points to the potential fragility of top brands as consumers become less brand loyal and willing to change allegiance as their preferences change. Research by consultancy Prophet into the top 10 brands most relevant to millennials features brands like Netflix, Amazon, KitchenAid, Apple, Google, Android, Pixar, Pinterest, Samsung and Nike. It points out that the top 10 does not include social media giants facebook, Snapchat, Twitter and Instagram.

Facebook may be one of the world's biggest brands today, but that does not guarantee its future.

It is, however, generally accepted that strong brands make for strong companies. "Financially, any company with strong brands should outperform companies without them," Sampson said.

Twenty years on from the first Top Brands survey, branding has become increasingly important, Sampson said. But there are many large companies selling basic products who believe they do not need to invest in brands simply because people will continue buying their products. They may find their brands drifting while others come to the fore.

Sampson recently said in the Financial Mail that companies that own strong brands generate above-average income, create jobs, need suppliers and professional advice, assist local communities, pay their way and act as ambassadors for the country.

The 20 year history of the Top Brands seems to indicate that many strong brands have achieved this over decades, even as the world changes rapidly.

Methodology

2018 brings the 10th successful year in partnership with KANTAR TNS SA for the Sunday Times Top Brands. The study applies the same methodology it has used since 2009.

The approach looks at a brand's penetration in the marketplace while also examining its relative strength among its users and its relative attraction among non-users – the concept of relative advantage.

This was accomplished by asking three questions:

1. Brands used within a defined time period (this period differed for each category);
2. Brands with which people were familiar enough to rate on a 10-point scale; and
3. The actual rating of all those brands on a 10-point scale.

From this, an index score for each brand is generated from three variables derived from the questions above: the actual usage of a brand in a specified time period, the rating it receives from its users relative to others in the category, and the rating it receives from those non-users aware of it, also relative to competitors in the category. The non-user rating carries only half the weight of the user rating in the final algorithm.

The final index can be thought of as the brand's standing in both the market place and in people's heads. This is in line with the current thinking that brand equity is a function of both power in the mind and power in the market, coupled with the view that one must always take the attraction of competitors into account in any assessment of brand equity.

How a brand can win

A winner occurs in one of three situations:

1. If it is big AND rated above average by both its users and its non-users;
2. If it is truly big but perhaps only rated as average by its users and non-users; and
3. It is smaller but very well loved by its users and is strongly aspired to by its non-users.

Why is this approach more useful?

Most brands have a good sense of their relative size – publicising this is good for the ego but not much else. The approach adopted by KANTAR TNS allows more useful marketing insights to be gained: a brand can assess by how much more – or less – its users rate it compared with average – a heads-up for some, as well as an indication of the relative commitment people have to a brand. Similarly, by looking at the non-user ratings, some idea of a brand's relative "pull" among its non-users is gained – this is a good indication of its relative ability to attract new users. Comparing usership and these two ratings' data tells marketers much about their relative power in the mind vs their power in the market.

The algorithm is not proprietary to either the Sunday Times or to KANTAR TNS, but is in the public domain.

The consumer sample represents all South African adults

The total sample for 2018 is 3,500, with 2,500 interviews in metro SA and 1,000 interviews in non-metro areas of SA. We talked to adults aged 18 years and the final results have been weighted to represent the population according to StatsSA 2015 mid-year population estimates. The study is representative of all adults across the country and is a relatively large sample in consumer research terms. Interviews were conducted in home, face-to-face.

The business sample represents businesses of all sizes

This sample consisted of 469 C-level business decision-makers (CEOs, CFOs, COO etc.) from organisations of all sizes. The business component moved from being conducted via KANTAR TNS's CATI system to online self-complete interviews.

What category changes happened in Top Brands?

The following categories were removed rom the questionnaire in 2018:

- Milk;
- Chilled processed meats; and
- Breakfast cereals.

The following categories were added in 2018:

- Soft drinks, cold drinks or fruit juices (2 x returning categories); and
- Personal care

Please note; some new brands have been included and old (non-existent) brands removed from category brand lists.

There were no category changes to the business categories.

Grand Prix Category Winner

SA's favourite serving

Koo has proved its strength and ability as a preferred food brand on consumers' tables for 70 years and counting

By **Alf James**

● KOO is SA's favourite brand and overall winner in the Consumer Grand Prix category of the Sunday Times Top Brands survey for 2018.

The sustainability and strength of KOO in the market is manifested in the brand having been an integral part of SA consumers' lives for over 70 years and having won first place ahead of such valued brands as Coca-Cola, Samsung, Shoprite, KFC, Tastic, Lucky Star, All Gold Tomato Sauce, SABC 1, and Pick n Pay .

Key to KOO's brand strength has been the ability of the brand to remain relevant and resonate with an ever-changing consumer, according to Janet Scott, marketing director: culinary meal solutions at KOO.

She says as a mainstay in our community and homes, longevity has become synonymous with the brand.

"The ability to connect with the people who purchase our products has been a crucial factor in our success. Having a 'finger on the pulse' of consumer insights, and health and quality trends has provided KOO with the agility to constantly meet the needs of generations of consumers.

"With nutrition top-of-mind for many shoppers nowadays, KOO's ability deliver nutritious meals that are quality-assured and offer good value has been a vital ingredient in the brand's success.

"Quality, wholesome goodness and delicious taste, together with convenience is our mantra," says Scott.

"Being in the midst of a technical recession, consumers are more price-sensitive, and the ability of KOO to innovate and deliver good quality and value has become more important than ever before. However, consumers still place a premium on quality, delicious taste and convenience."

With a 70-year history in the market the KOO brand is an important ingredient in the popularity of its range of products.

Scott points out that KOO has been on dinner tables for generations and has arguably become part of the SA lexicon.

"Shoppers associate the name KOO with quality, great taste and consistency. This brand strength is certainly beneficial to our product range. Connecting the brand with our consumers is key to ensuring that KOO remains relevant and that people can interact with the brand.

"We love hearing from consumers (and we find that people love to engage us too) and this often inspires campaigns and potentially, product lines. Most recently, KOO encouraged consumers to share their favourite KOO recipes.

"Using Ukhozi FM, Lesedi FM and social media platforms such as Facebook, many people took the time to prepare and share their recipes via WhatsApp and on air. There were 15 winners in total, but the real value was in the sharing of recipes, and the feel good memories of the meal.

"In line with Tiger Brands' vision, we are committed to creating and sustaining a brand and products that are truly loved by the people who consume them. This is evidenced in the awards that we've previously won (voted SA's favourite brand in 2016), and the positive response to our campaigns.

"The sustainability of KOO is premised on the fact that we aim to deliver quality, wholesome and delicious taste, together with great value. Consumers know what to expect when purchasing a KOO product.

"Our three pillars of quality, taste and value are what truly sets us apart.

"It is important to note that we source our produce from established farms with decades of expertise and experience to deliver only the best quality and taste, so our KOO consumers can experience only the best.

"Moreover, as a trusted partner in today's world where people look for convenience we offer sealed-in goodness in our wide and versatile range of products. They can be used for breakfast, lunch, dinner, desserts, snacks and anything else our consumers can dream up for the best tasting meals.

"Ultimately, for over 70 years we've been part of SA society in ways we couldn't have imagined – birthdays, funerals, parties, holidays, mid-week dinners and secret dessert indulgences," says Scott.

She says an important trend in the market is the fact that consumers have access to more information and knowledge than ever before, which has led to an increased level of awareness about nutrition considerations and ingredients. Consumers now demand nutritious products that are convenient to use and tasty.

"KOO constantly strives to remain number one in the market and challenge ourselves to raise the bar in terms of quality and value. We continually work hard at being the best, which is the reason that quality and innovation are important to KOO.

"Innovation permeates everything we do, from our research and development, to our new recipes and marketing campaigns. The ability to translate feedback from our consumers into tangibles such as campaigns is an innovation that we take very seriously.

"Ultimately, we want to make our consumers feel a connection to the brand and therefore place a premium on their opinion," says Scott.

Grand Prix Category: Discovery Health

Second big one for Discovery

Its innovative model has been a disruptor in most sectors, latest being banking

Discovery Life CEO Hylton Kallner

By **Lynette Dicey**

● Discovery Health wins the overall Grand Prix Award following its number one spot in the medical aid category in the Sunday Times' Top Brands Awards.

Launched in 1992 with a simple purpose of making people healthier, the company has over the years evolved into a diversified and multinational financial services group.

Its core purpose is based on a clear methodology and model in the form of shared value insurance: clients are encouraged to drive more safely, eat healthier and exercise more regularly, thus driving down risks resulting in fewer claims, less deaths and products that are ultimately more sustainable. "It's a virtuous cycle," says CEO of Discovery Life Hylton Kallner.

The brand's fundamental approach has been to disrupt the industries in which it operates through innovative products and services. In addition to offering medical aid, Discovery also offers gap cover, life cover, car and household insurance and is in the process of introducing a retail banking before the end of the year. Discovery's retail bank, which will be a full service retail bank offering competing with the likes of Absa, Standard Bank, Nedbank, FNB and Capitec as well specialist bank-

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ing and investment company, received authorisation from the Registrar of Banks in the latter half of 2017. If the group acts true to form it expect its retail bank to disrupt the traditional retail banking offering with innovative products and services.

"Discovery's premise is all about providing clients with a unique proposition that meets their needs," says Kallner.

"Essentially it's about engaging with clients proactively in a way that makes a positive contribution to their lives, for example rewarding those with a healthier lifestyle with discounted flights, cash back rewards on their fuel spend for safer driving, and discounts on healthy food items, amongst other."

One of its most successful innovations by any measure is its Vitality programme, currently the world's largest wellness incentive programme. "Not only has Vitality been core to the brand experience," says Kallner, "But it's also been unique in terms of its dataset with the largest number of members of any programme of this nature globally. Its global partners, including British Airways, Apple and Starbucks, provide it with a competitive edge."

Vitality has proved that there is a correlation between inputs and behaviours and how these translate into less morbidity and greater longevity, all of which provide Discovery with a competitive advantage, he adds.

The programme has enabled Discovery to roll out a shared value insurance model, including Vitality embedded life insurance products. The Vitality model and its underpinning actuarial data, says Kallner, is now perceived as the leading programme of this nature globally and is being used by some of the largest and most successful health insurers worldwide. "It's a fit for purpose system that can be rolled out to any market anywhere in the world which has fundamentally shifted the focus from paying for ill health to paying for health," says Kallner, adding that 20 years ago this was unique and quite revolutionary in the traditionally staid medical insurance sector.

Vitality was by no means Discovery's first innovation: from the outset the Discovery offering was premised on the concept of a medical savings account. Until this time most medical schemes had a "use it or lose it" approach to out-of-hospital medical costs and members who did not avail themselves of these benefits received no advantage or reward. The result is that members used these facilities at will, leading to hyperinflation. Discovery's decision to reward members who did not utilise these funds was about applying a banking mindset to health insurance, says Kallner, and was a breakthrough innovation at the time.

More recently the company has digitalised client patient records via a sophisticated patient record system called Discovery Health ID. SA's first digital healthcare information platform for doctors, the system provides medical practitioners with easy access to their patients' electronic health records allowing for a more complete view of patients' medical history and test results.

While this innovation is certainly less visible to clients than Vitality, says Kallner, it positively impacts the quality of care patients receive by ensuring better integration and coordination of healthcare, reduces the likelihood of serious medical errors and the duplication of unnecessary tests.

Other recent innovations include a partnership with Uber to deliver flu shots on demand. For one day in April, Uber riders were able to request UberWellness from their app and were then met by a nurse to administer the flu vaccine. Discovery Vitality members earned points for having the vaccine.

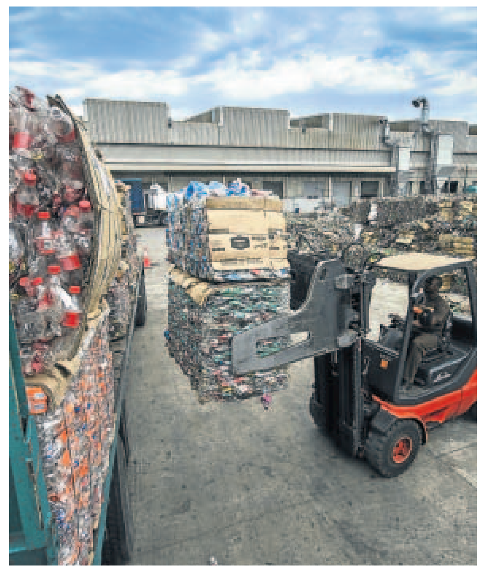
The Vitality programme has traditionally only been available to Discovery Health medical aid members but was recently opened up for a limited 10 week period to all South Africans in a bid to get the country eating healthier and being more active in return for certain rewards.

Green Award

Makes for good business

FNB, Coca-Cola lead the way incorporating conservation, renewable energy into their overall business model

By **Lynette Dicey**



● FNB, in line with the FirstRand group's environmental sustainability framework, has implemented a number of impressive renewable and energy efficiency projects across numerous of its buildings. The bank considers energy-efficiency, renewable energy, water conservation and waste management part of a multipronged approach to sustainability and natural capital management.

Over the years FNB has implemented a number of energy-efficiency initiatives to reduce carbon emissions including low carbon energy installation projects such as solar PV installations, building retrofits with energy efficient technologies, careful management of resource consumptive technologies and practices, as well as employee awareness programmes. And its efforts are paying off with considerably savings.

The group's Fairland campus in Johannesburg completed a R60m solar energy project at the end of 2017, which has seen its car park turned into a renewable energy generator. The solar PV installation at the campus was built as an upgrade to the car park and will save the group around R3.9m in electricity costs in its first year of operation.

Portside, FNB's Western Cape regional head office, has a five-star "Green Star Green Building Council of SA Rating", awarded for its eco-friendly design and environmental sustainability, energy and resource efficiency. Among its many green elements, Portside boasts parking spaces dedicated to hybrid or alternative fuel vehicles, parking bays equipped with electric car chargers, as well as community bicycle racks provided on the pavement at street level.

FNB's Ferndale Contact Centre, meanwhile, is the only call centre in Africa to be awarded a 5-Star "by design" and "as built" Green rating. "The need to build more sustainably is a principle that FNB has taken on for all future builds," says Kiran Vallabh, head of FNB building management services (BMS).

The group's commitment to the sustainable and responsible expansion of its operations is based on creating spaces that inspire while conserving energy and reducing environmental impact, says Vallabh.

The bank will continue to invest in more capital-intensive renewable energy and energy-efficient technologies such as solar PV panels, green building design and construction to meet energy and emission reduction targets and to improve climate resilience and operational efficiency.

"We're extremely proud of the green award accolades for various FNB buildings and we plan on continuing to be active in green urban development through carbon footprint reduction initiatives and sustainable development projects like the FNB BankCity Rooftop Garden, a cost-effective and efficient urban agricultural project employing local agricultural students to maintain it, with the food produced being used in the FNB Bank City kitchens," says Vallabh.

Coca-Cola's vision of a world without waste

Earlier this year the Coca-Cola Company announced a new global approach to packaging with the aim of ensuring its packaging is 100% recyclable globally by 2025 and that it is collecting and recycling the equivalent of 100% of its packaging by 2030, as part of its World Without Waste vision.

The latter includes the goal of taking one bottle back – including bottles and cans from other companies – for every bottle it produces, as well as investing in marketing initiatives to help people understand what, how and where to recycle. In addition, the company plans to work with local communities, industry partners, customers and consumers to help address issues such as packaging litter and marine debris.

Coca-Cola's vision is premised on the idea that every package it creates should have more than one life and that its packaging materials, once recycled, can be used to make other products in order to maximise their use and minimise the impact on the environment. As such, where necessary, packaging is being redesigned, perforated tearing strips are being included on all sleeved bottles to make labels easier to remove, and recycling messages on labels are being improved. This is not the first local recycling initiative in which Coca-Cola has been involved. In 2012 the company introduced PlantBottle packaging, the first fully recyclable Pet plastic bottle made with up to 30% plant-based materials.

Together with its bottling partners and other members of the Pet value chain, Coca-Cola helped set up the Pet Recycling Company (Petco), more than a decade ago, an industry body which promotes and regulates the recycling of Pet material after use. In 2017 Petco achieved a recovery and local recycling rate of 65% of post-consumer Pet bottles. Petco partners with recyclers to create new products made from disposed Pet material.

In addition, Coca-Cola has invested in two bottle-to-bottle recycling facilities at Extrupet and Mpact, which recycles Pet to food grade standards for use in the beverage industry. Currently around 15–25% of all Pet bottles used by Coca-Cola's largest local bottler, Coca-Cola Beverages SA (CCBSA), contains recycled Pet.

CCBSA is responsible for the biggest schools recycling programme in the country. Last year the number of schools participating in the programme increased from 400 in 2016 to 866 in 2018. Since establishing the programme six years ago, the company has invested around R35m in the initiative, resulting in more than 2,000 tonnes of waste being collected. Schools in turn sell the waste to collectors.

Its other bottler, Cape Coca-Cola Peninsula Beverages (CCPB) has implemented a number of water saving measures. At its Parow Industria plant, for instance, iodised air is now being used to wash bottles instead of water, waterless lubrication chemicals are in use as an alternative to water lubrication, and production runs have been extended to allow for fewer cleaning cycles, among numerous other water conservation practices. CCPB installed four boreholes in order to reduce the use of potable drinking water and reliance on municipal supplies. The plant has received a four out of five star rating for water preservation from the City of Cape Town.

Robyn Putter Award

Ogilvy resonates with consumers

It has ability to adapt to a changed brand world and still connect with its market

By **Lynette Dicey**

Elouise Kelly – MD: Ogilvy SA

● The winner of this year's Robyn Putter Award, Ogilvy, has been in the business of advertising communications for the past 70 years, during which time it has worked on some of the world's biggest brands. Key to the agency's ongoing success has been its ability to successfully adapt to a changed brand world with advertising that still manages to form an emotional connection with consumers.

The secret to successful brand building, says Elouise Kelly, MD of Ogilvy SA, is to create meaning in the lives of customers. "Find out what they want and how your product or service can enable that," she says. "Focusing on a basic human trait which the audience can relate to is key to success. Consumers will always find their way back to spaces where they feel valued and appreciated."

In a world of increased competition and product parity, marketers that want to ensure their brands are sustainable need to access the data, study it and then act upon it to proactively build better products and experiences, she says. "Whether wittingly or unwittingly, customers tell you so much more than they know. It's the marketer's job to use that information to create eco-systems that create value for people," says Kelly.

Marketers, she adds, should not be shy to partner with like-minded brands as it shows customers that the brand thinks about more than itself and views competition as healthy and collaborative.

"Customers are facing a barrage of messages daily which has made it difficult for brands and their advertising to resonate with customers in precisely the same way they used to," says Kelly. "Leading brands know their customers: they know exactly when and where to talk to them, they know how to customise a brand experience specific to the customer need and they are able to anticipate those needs.

"Top brands are also about more than the bottom line. They stand for something and are able to rally for a cause. They understand that their responsibility is not only to shareholders but to customers and the communities from which they come."

There are a multitude of trends impacting how consumers view advertising and brands. Key among these is the way in which data is enhancing how people access and interact with the brand, says Neo Makhele, group planning director at Ogilvy SA.

Digital too is having a profound impact on

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Neo Makhele – Group Planning Director: Ogilvy SA

● from page 9

brands by adapting or reinventing how they own and navigate the space, she says, and while brands have been caught up in the past few years in trying to better understand digital, key to reaching audiences successfully is knowing when to use traditional media such as television, radio, print and outdoor – and when to use digital media. "The mistake many brands make is that they think digital media is all they need to reach the customer – and it's not," says Makhele.

In addition, she says authentic storytelling has become increasingly important in the past few years because customers know when a brand is not being honest or transparent.

The Robyn Putter Award recognises the company that best connects client brands with the public. A good example of this was Ogilvy's #NoExcuse campaign on behalf of ABInbev's Carling Black Label brand to counter the scourge of gender-based violence prevalent in SA. The aim of the campaign was to drive the point that there is never an excuse for gender-based violence and, similarly, no excuse for men to stand by while women are abused by other men.

The campaign created awareness of the issue, created conversations and provided tools for positive action. A secondary goal was to ensure a positive brand connection in a potentially negative space.

Not only did the hashtag #NoExcuse become an adjective to saying no to gender-based violence and abuse, but the campaign managed to achieve high reach and engagement, as well as 55% awareness in just four weeks against a 40% launch target.

Other brands that have successfully managed to connect with the public include KFC Africa's 2018 World Cup campaign and the #SmashTheLabel campaign for Castle, says Tseliso Rangaka – executive creative director of Ogilvy SA.

KFC Africa's World Cup campaign leveraged the insight of how soccer star Neymar made a meal of flooping to get a free kick. It gained KFC regional as well as global traction and managed to get the brand engaged in a socially topical conversation soccer fans were having during the event. The ad went viral, garnering a total of more than 3.9-billion impressions with more than 51.1-million verified shared views on social media. During the campaign period, KFC's Streetwise meals saw a 20% increase in sales.

The #SmashTheLabel campaign, on the other hand, leveraged a cultural tension South Africans live with to engage a stereotype mentality that is highly divisive, labelling. The Castle brand epitomises the spirit of friendship that crosses barriers and was therefore an appropriate brand, says Rangaka to #SmashTheLabel.

Launched during government's 16 Days of Activism for No Violence Against Women and Children initiative, the Castle campaign included a graphic television commercial, a highly publicised media event with a senior cabinet minister and influential male celebrities in conversation about gender-based violence, and a social media experiment involving a local TV presenter who posted a picture of herself with a black eye. The brand also supported and amplified an International Men's Day March, while soccer clubs Kaizer Cheifs and Orlanda Pirates team members wore #NoExcuse armbands during the Soweto Derby, among others.

The campaign reached 45-million people with its commercial accessed 144,000 times on YouTube and generated one in four unprompted brand mentions and improved positive association with Carling Black Label by an estimated 87%.

Brands today face a myriad of challenges, says Makhele. Some are losing brand relevance as they lose their connection with customers while others are unable to successfully segment customers to develop a valuable journey and proposition, among numerous other reasons.

"Ultimately, we know that our world has changed and brands have different challenges, but not being able to navigate the changed landscape or burying our collective heads in the sand is what will make brands lose relevance, fast," she says. "Autopilot is not a mode that works in the modern brand world. You have to be immersed and always a step ahead, anticipating competitors, the environment and the needs of your customers."

Tseliso Rangaka – Executive Creative Director: Ogilvy SA – Cape Town

Social Investment

Putting its money where its mouth is

Coca-Cola, Nedbank's social investment activities have the winning formula

By **Lynette Dicey**

● The philosophy of the Coca-Cola Company is that while profitability is important, it's not at any cost. Both people and the planet matter, and as such it believes in doing business the right way by adhering to its values and working towards solutions that benefit everybody.

Water, the first ingredient in most of its beverages, is critical to the long-term success of the business. Regular assessments of local water resources are conducted and water protection plans have been put in place so that the brand's presence does not harm communities' vital water resources. In addition, it supports local water access projects that help bring safe and clean drinking water to communities in need.

During Cape Town's water crisis earlier this year, Coca-Cola Peninsula Beverages (CCPM), one of two bottlers to the Coca-Cola Company, in partnership with the Coca-Cola Foundation and participating suppliers, provided relief water to the province and the City of Cape Town as part of its commitment to help the city mitigate the impact of Day Zero, Level 5 water restrictions from October 2017, which required all to drop their daily use to 70 litres per person per day or less.

The Coca-Cola Foundation was an early investor in the Greater Cape Town Water Fund, contributing US$150,000 (R2.1m) to the regeneration of Cape Town's largest aquifer.

Estimations are that by December 2019 the fund's project activities will have resulted in replenishing around 10-million litres of water, in the process positively impacting the residents of Atlantis and increasing water security across Cape Town's supply system.

Coca-Cola Beverages SAa' s (CCBSA) Youth Entrepreneurship Programme, Bizniz in a Box, was established in 2015 to establish a meaningful and sustainable impact on youth unemployment through enterprise development.

The initiative combines theory and practical training for young entrepreneurs in need to make a success of their own start-up spaza container store. It aims to promote the devel-

● Continued on page 13

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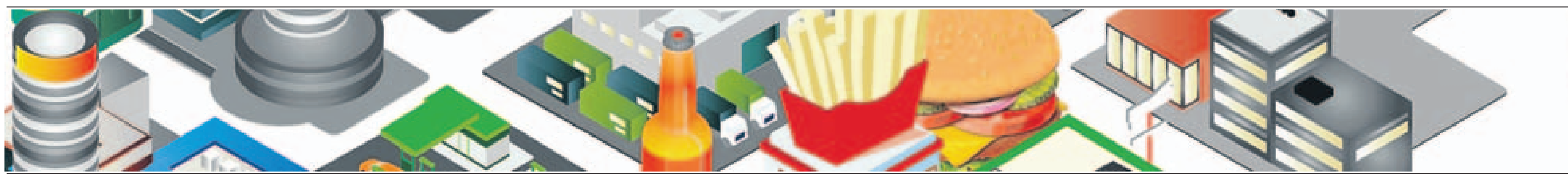


• from page 11

opment of self-driven young people, creating a point of access to the mainstream economy – not as job seekers but as job creators. The programme involves the selection, training, participation and eventual economic independence of a cross-section of township youth between the ages of 18 and 35 years and is currently being rolled-out in the Free State, Limpopo, Mpumalanga, Kwa-Zulu Natal, Eastern Cape, North West and Gauteng. The aim is to ultimately empower 2,500 youth by 2020.

In addition, CCBSA recently established an agricultural development fund to support historically disadvantaged farmers and small CCBSA (including Appletiser) suppliers. The Fund, CCBSA's Mintirho Foundation, has committed R400m to support black emerging farmers to improve their yields by driving better efficiencies and encouraging them to diversify their operations to ensure their long-term sustainability. R15m has already been disbursed and the fund's efforts are already having a positive impact.

Another CCBSA initiative is IkamvaYouth, a by-youth-for-youth SA organisation that equips learners with knowledge, skills, networks and resources to access tertiary education and job opportunities. The programme has to date impacted over 5,000 youth beneficiaries since its inception in 2003.

Giving back to communities with impact

Gone are the days when corporate brands can afford to only measure financial returns. Despite being a leading bank, Nedbank understands that its future sustainability relies on those same communities to whom it provides banking services. Profitability, insists Lindiwe Tembu, executive head of the Nedbank Foundation, must work in tandem with a social return-on-investment. "For Nedbank corporate social investment is not just about ticking boxes for the sake of compliance but rather about supporting and giving back to communities with real impact, which aligns with our objective of being a purpose-driven organisation," she says.

Nedbank's community investments are focused on the two pillars of education and skills. "Until 2017 we had four focus areas," says Tembu. "We've subsequently decided that health and community development will be components of the education space where we focus on learner wellness."

The bank's education focus is aimed at early childhood development, primary, secondary and tertiary education in alignment with the UN's sustainable development goal of quality education. One of its projects falling under the education pillar focuses on literacy and is a result of the Progress in International Reading Literacy Study 2016, which established that SA is the lowest performing country out of 50 countries in terms of the reading achievements of Grade 4 learners.

"Having identified this as an area in which Nedbank can play a transformative role, the bank, in collaboration with universities, will be developing African and English language norms and standards by advocating for changes in the curriculum and supporting teachers by providing learner booklets, classroom coaches, mobile libraries and parental support," says Tembu.

Regarding skills development, Nedbank aims to increase opportunities for sustainable employment and promote entrepreneurship. It is currently implementing a partnership with Buhle Farmer's Academy in Mpumalanga, to further develop an existing cohort of 10 trained emerging farmers so they can be integrated into the agricultural economy.

"Over the next three years we intend to assist these emerging farmers to establish sustainable commercial farming ventures. The ultimate aim is to secure their credit-worthiness, ensure they are registered enterprises with the Companies and Intellectual Property Commission and have a dedicated bank account as evidence of their active business record," says Tembu.

Nedbank's culture of giving back is strong internally too, with an active staff volunteerism programme which has seen employees get involved in numerous initiatives including the Local Hero programme.

Analysis

Customer experience is key to brand success

To remain relevant and competitive, brands need to look beyond customers' functional needs, writes **Mark Molenaar**

• At their most basic level, brands need to meet our functional needs. But to remain competitive they need to go beyond this and connect at an emotional level by tapping into our social identity and deeper psychological needs and desires. Strong brands do this well, by creating a powerful and clear identity around what they stand for and creating an emotional connection through effective brand communication.

But without a customer experience that matches the brand promise, brands risk creating unrealised expectations, disappointing customers and breaking trust. In the engagement era, brands no longer have complete control over their message, and with social media interaction and consumer created brand content, brands need to go beyond advertising and marketing campaigns to engage more directly with their target audience.

Customer experience has become a central focus of brands in the engagement era and for many companies it has already become a bigger differentiator than brand image and price. Companies that have focused intensively on the customer experience have outperformed those that haven't. Oft-cited examples of companies that have disrupted huge industries in a very short time-span include Amazon in retail, Netflix in entertainment, Uber in mobility, Tesla in automotive and Airbnb in hospitality.

In all cases, these companies have a clear customer purpose that delivers to customers' needs through re-framing how the category is defined and removing barriers that previously undermined the experience. While technology is at the heart of many of their solutions, the real reason they are successful is that they truly understand and answer customers' needs.

In SA, one of the most dramatic disruptors has been Capitec in the banking industry, having grown to be the largest bank by customers in a little over 17 years. It has done so, in large part by being very focused on a clear customer purpose: "We help you manage your financial life better, so you can live better". By harnessing innovation and technology, Capitec has translated this purpose into products, service and a customer experience that delivers on its brand promise. Capitec again scores the highest in the Sunday Times Top Brand Awards for retail banks, with a score of 73.94 – over 12 points higher than the next brand, FNB.

Vodacom is also transforming its business around its customer purpose: "Connecting everybody to live a better today and build a better tomorrow", and strives to deliver an experience that matches this purpose. In the Sunday Times Top Brands Telecoms category, it scored highest among consumers (76,54) and business with an incredible 99.99.

In the medical aid category, Discovery Health's customer purpose is; "to make people healthier and enhance and protect their lives." Discovery's approach is to help customers' lead healthier lives and reward them for doing so, earning it top position with the highest overall score among businesses of 100.

Tiger Brands scored at the top in a number of categories with KOO (95,62), Tastic (83,1), All Gold Tomato Sauce (82,55) and Oros (65,61) helping it deliver on its purpose of "nourishing and nurturing more lives every day".

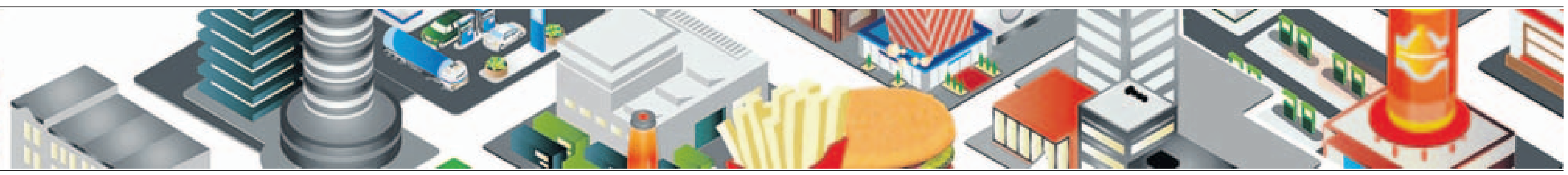
Increasingly, we choose brands with a clear purpose and that engage us in a relevant and meaningful way. A recent example of this is Nike, taking a strong stand in support of athletes who have the courage to stand up for their beliefs, such as Colin Kaepernick in the US and Caster Semenya in SA. While this may ruffle some feathers, it shows that Nike remains true to its purpose and was rewarded with a 31% sales increase in the week following the launch of the Colin Kaepernick ad in the US.

The top performing businesses are the ones that are driven by a strong customer purpose and they are growing their businesses at a much faster rate than those who don't. As our planet comes under increasing threat, people are more informed about the challenges facing us, as well as ethical questions and business practices, and are choosing brands that take a stand and behave in a sustainable way.

In the words of Unilever's CEO Paul Polman "We are at a turning point. Only businesses that help people and planet thrive will succeed. We have to scale our impact through partnership, collaboration and trust." Unilever is focusing its resources on brands that have a clear social purpose, with its sustainable brands growing 46% faster than the rest of its business and contributing 70% to its profits."

Brands continue to evolve and the top brands of the future will be the ones that align their businesses around a clear customer purpose that contributes to creating a better world by not just creating products and experiences that resonate with our functional and emotional needs, but solve societal problems at the same time.

Molenaar is Director: Customer Experience at Kantar TNS



Telecommunications

SA cell giants in a two-horse race

MTN, Vodacom dominate market share as the most valued brands

By **Ciaran Ryan**

● It's been 24 years since cellphones first hit the SA market. Consider that the two biggest providers MTN and Vodacom generated revenue of R132,8bn and R86,3bn respectively in the last financial year, albeit from multiple countries.

This extraordinary business growth parallels the tectonic shift in the way South Africans communicate. What's equally extraordinary is that SA's two most valuable brands are MTN (R44,2bn) and Vodacom (R27,5bn), ahead of FNB, Absa and Standard Bank, according to a report from Brand Finance Africa. All of this was achieved in just 24 years.

The network operators have been at full sprint for all of these 24 years to upgrade their networks to accommodate an insatiable market demand for greater speed, data and mobility. Anyone with a smart phone, whether from the townships or the suburbs, has equal access to the ocean of data we call the Internet.

This potential for radical social change is obvious. The Arab Spring of 2011 was ignited by young social activists who used social media to by-pass traditional sources of information. In other words, telecommunications companies are perhaps the most powerful enablers of social change in history, the modern equivalent of the Gutenberg press.

MTN might be the largest network operator in SA, but Vodacom is virtually unchallenged as brand leader in the telco category. It's been a two-horse race between Vodacom and MTN for the past five years, followed by Telkom, Cell C and Neotel. What's impressive about Vodacom's performance this year is its index rating, which has left others in the dust.

Andries Delport, chief technology officer at Vodacom, said the group's brand strength is based on robust business principles and a fanatical devotion to maintaining its technological edge. "We were first to market with 2G technology, then 3G, then 4G. We were first in Africa to launch 5G in Lesotho, and this will become available in SA once the spectrum becomes available, hopefully in the next 18 to 24 months."

Though not reflected in this year's Top Brands rankings, Rain entered the local market offering data packages with no contracts or regular monthly fees. The data does not expire and uses the 4G network to provide fast data access. At a cost of R50 per gigabyte, Rain is the only mobile network focusing solely on data offerings, which substantially reduces cost of connecting to the Internet. For those willing to stick to WhatsApp or equivalent data-based calls, this is a cost-effective solution.

The two biggest telco companies, MTN and Vodacom, face vastly different business headwinds, according to Arthur Goldstuck, founder of World Wide Worx. "MTN is experiencing the downside of being bold and adventurous. The ongoing tensions with the Nigerian government and its issues with repatriation of funds from Iran are both consequences of its appetite for risk outside SA. Nigeria is the most populous country on the continent and a competitive presence there would be a dream come true for almost any large consumer-facing business.

It is a siren call for an expansion-hungry business. However, it has yet to become a beacon of transparency, good governance and positive business practices. That means there is no loyalty to successful businesses, there is an antipathy towards foreign institutions, and there is an appetite for raiding the coffers of these entities.

"One can only sympathise with MTN there. Iran, with its woeful human rights record, its threats of destruction of Israel, and its active role in destabilising the Middle East, is a different matter. As massive as that market is, it is a palpably dangerous market from a multinational business point of view, due to its government having a different agenda to its citizens. The role played by the US in hamstringing the Iranian economy means that the problems of doing business there are multiplied.

"These issues hold back the full potential of MTN in SA. Resolve them, and MTN will be able to focus on growing its market share in SA."

MTN and Vodacom are neck-and-neck in contract subscribers in SA. Vodacom pulls away dramatically in prepaid subscribers, meaning it is having more success in the mass market. However, MTN has higher revenue per user, suggesting the potential of the business once international issues are resolved.

The Vodacom brand story is buttressed by its sophisticated network, technological innovation and digital transformation, which builds on a unique ecosystem offering, and will contribute towards the creation of a fully digitally connected society in future.

Vodacom has contributed significantly to the growth of its network, having invested R11.6bn to date to expand its coverage and improve the quality of its network. So far, Vodacom has invested R8.6bn in SA alone.

Picture: Freddy Mavunda

Groceries

Strategic initiatives paid off and revived business

Pick n Pay has managed to weather the SA economic storms to come out as the second top retailer in the country

By **Noluthando Peter**

SA's major grocery retail chains have not had an easy time of the past year. In April, VAT in SA was increased to 15%, from 14%, increasing the price of some grocery items. Consumers' wallets are under attack and – in the case of some retailers – so are their outlets due to armed robberies.

Of the local retailers, though, grocery retailer Pick n Pay had the most fat to trim, and its recent annual performance numbers have shown just how that has allowed it to buck the sector trend. Almost six years ago, Pick n Pay had pinned all its hopes of survival on former UK-based Tesco executive Richard Brasher, after he was appointed CEO of the ailing brand.

At the time Brasher was tasked with turning the business around through the implementation of strategic initiatives, after it was losing market share to its competitors, mostly it's long-term competitor Shoprite Group.

But through the strategic initiatives, that included the centralisation of the distribution centre and implementing the smart-shopper loyalty scheme, Pick n Pay is the second Top retailer with an index of 79.61 for this year's Top Brands awards. And it seems that the retailer's survival tactics have bode well.

In the six months to end-August, Pick n Pay reported a 6.4% increase in turnover to R41.2bn from R38.8bn in same period last year. Brasher said what has made the company agile enough to survive in a low-growth environment has been a consequence of their "bold acts."

"We've taken tough decisions. We're leaner, fitter and buying better. We've improved our cashflow and reduced our long-term gearing to almost zero," Brasher said, adding that Pick n Pay's investment in its customers by reducing the prices of key grocery lines, which has in turn delivered a more compelling fresh meat and produce offer, has given customers simpler and more personalised promotions.

"We are in good shape. We have demonstrated an improved ability to compete effectively in a low-growth environment and we look forward to building on this momentum in the second half of the year," Brasher said.

However, as consumers grapple with saving their cents as the economy takes a turn for the worst, some of Pick n Pay's peers have been less fortunate.

The largest retailer in Africa, Shoprite, usually thrives in a low-growth environment discount, given its lower margins, but it too has not walked away unscathed from SA's macroeconomics.

At its last results presentation, the "people's retailer" reported that trading profit was down 1.4% to R8bn. In August, Shoprite CEO Pieter Engelbrecht said this was the worst period he had ever seen, with the increase in VAT, declining consumer spend and sugar tax exasperating the structural declines.

The retailer also blamed its armed robberies which were up to 489 this year, but was voted as the best retailer in SA with an index score of 83.6.

The periods of low economic activity are often tests to differentiate between retailers who are able to navigate through the trenches. And upper-income retailer Woolworths' has not passed the test, as poor strategic decisions and its Australian operations have seen them trying to weather not a storm, but a typhoon.

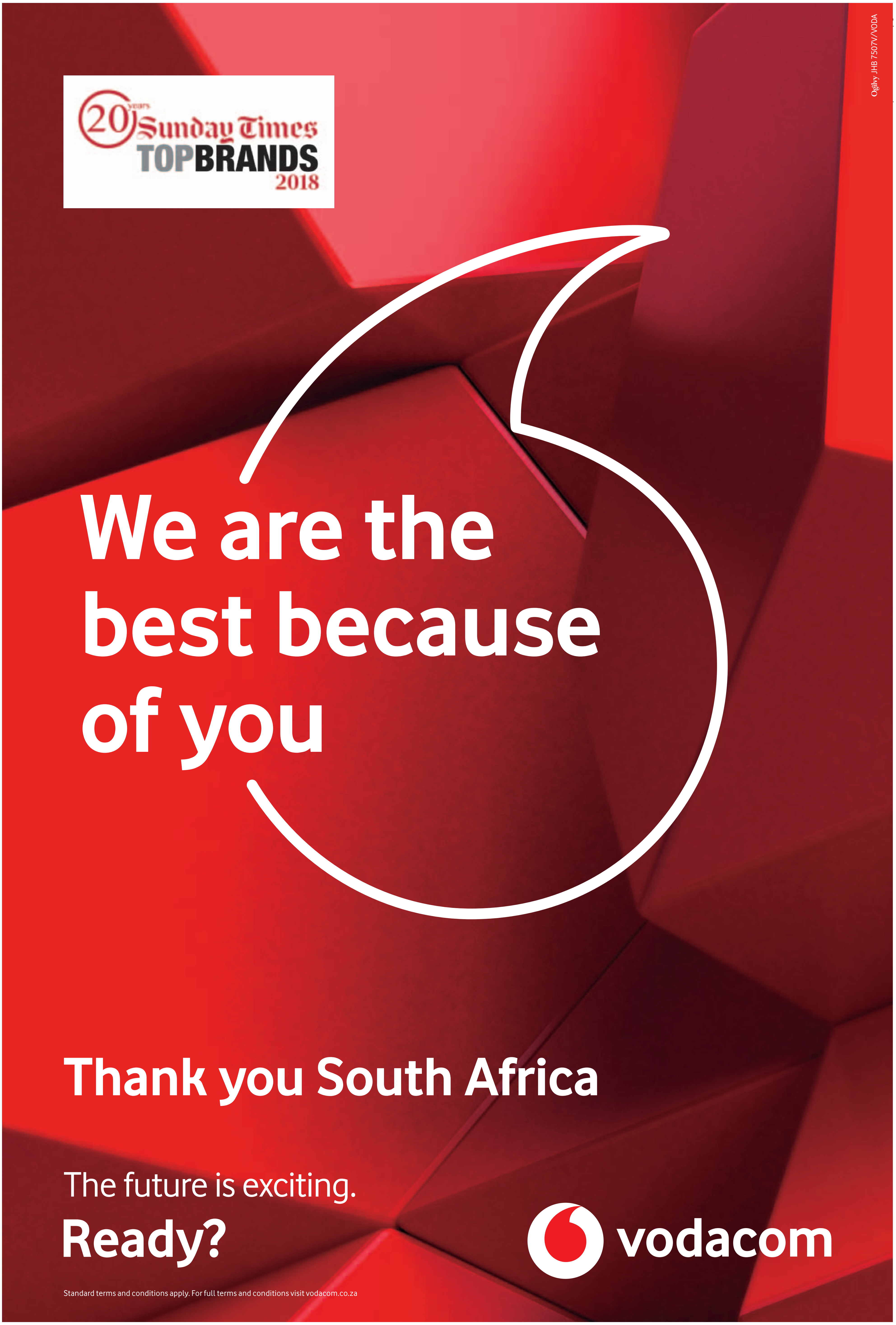
Woolworths SA operations failed due to the poor decisions that they had made with its merchandise.

It seemed the retailer whose competition with more fashionable and agile international brands saw them buying for younger customers rather than sticking to its core customers. The situation with its Woolworths Australian business forced them to let go of some staff Down Under.

Despite all this, Woolworths managed to rank in at number six, with a ranking of 72.12.

Health and beauty retailer Clicks managed to take third place in the index at 78.13, as it focused its efforts in healthcare. The group's pharmacy network was extended to 493 as 20 new pharmacies were opened. Clicks' current share of its retail pharmacy market is up 23%.

Richard Brasher — CEO of Pick n Pay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The future is exciting. Ready?

Innovation, transformation set to usher in a digitally connected society

● The year 1994 saw Nelson Mandela become SA's first democratically elected president. It was also the year that Vodacom was born. It was a year of new beginnings in more ways than one.

The race was on to establish the widest possible network coverage. In the early days, the focus was on establishing cellular network base stations in metro areas and along the major highways, a feat achieved in record time. The focus then shifted to secondary routes and smaller cities and towns. Tens of thousands of customers were signing up each month, and whoever had the broadest network coverage had the market edge and bragging rights. Needless to say, advertising in the early years emphasised the extent and quality of the network.

Vodacom's brand was built on a fanatical devotion to building the country's best network, with the widest coverage, and rock-solid voice quality. The early network was designed using the available 2G technology of the time – providing good voice quality and texts. Its widely applauded "Yebo Gogo" advertising campaign gave a humourous human element to the brand. It connected with customers by relating stories with a common, South African touch.

Our brand strength was always built on our business strategy and the power of our network

Ten years after first opening its doors, Vodacom had signed up 11-million customers and its brand was valued at R8-billion. (Source: http://www.bizcommunity.com/Article/196/82/4610.html). Today, it has 43,1-million contract and prepaid customers in SA.

Andries Delport — Vodacom Chief Technology Officer

The brand is valued at R27,5-billion, according to Brand Finance Africa.

Add customers from Safaricom and the African countries in which Vodacom operates – Tanzania, Democratic Republic of Congo (DRC), Mozambique and, Lesotho – and the figure surges to more than 103-million.

Sports sponsorship and the Vodacom Foundation were key elements in building brand strength and recognition in the early years. None of this would have been possible without maintaining its technological edge.

Vodacom Chief Technology Officer, Andries Delport, points out that Vodacom was first to market with 2G technology – providing basic calls and texts – and then again with the launch of 3G in 2004, followed by the current 4G technology, yet another first. Each of these technological iterations represented a step-change in communication speeds, making it possible for millions of users to access the internet simultaneously.

"Our brand strength was always built on our business strategy and the power of our network. Our focus was always on maintaining a technological edge, without which you do not have a business. We set out to be the first to market with new technological innovations and to be the best. That establishes a level of customer trust and loyalty which is the basis of our brand," said Delport.

All this was backed by a massive investment in customer care, from rapid-response call centres to walk-in customer care centres, warranties on handsets and a state-of-the-art billing system.

The Vodacom story, now 24 years in the making, is still in its infancy. The 5G technology is being rolled out in Lesotho, the first in Africa and in the top 5 globally. The main benefit of 5G is the ability to transmit data at vastly improved speeds and, even more importantly, with much reduced latency. The possibilities stemming from 5G technology are world-changing, from remote monitoring and operation of factories to driverless cars. The so-called "Internet of Things", allowing for all manner of devices to communicate with each other, would not be possible without 5G. For example, driverless cars require latency speeds of 1-5 milliseconds to achieve their promise of accident avoidance. Current 4G latency speeds of 25-40 milliseconds, while a vast improvement on earlier generation technologies, are insufficient for this purpose.

"The Vodacom story is an exciting one of technological innovation and digital transformation, leading to a full digitally connected society in future," said Delport.

Today, the network comprises more than 13,000 base stations across the country, offering 99.9 % 2G coverage, 99,4% 3G coverage and nearly 86% 4G coverage. More recently, Vodacom has made a push into deep rural areas, employing the services of BEE suppliers and contractors, creating thousands of jobs in the process.

The Vodacom story is an exciting one of technological innovation and digital transformation

Vodacom remains focused on bridging the digital divide, having done so through ongoing network deployment across SA, societal empowerment initiatives and investing in its network for the purpose of ensuring that its customers can connect to an exciting digital future.

The group has made significant investments into its network to expand coverage and improve quality. Vodacom's network (capex) spend in SA over the past six years totals R48.59bn, and over R140bn since its inception.

20 years Sunday Times **TOPBRANDS** 2018

GRAND PRIX 2018

OVERALL FAVOURITE BRAND	1	95.62 KOO Tinned Foods	2	89.96 Coca-Cola Soft Drinks	3	85.41 Samsung Cellphones
SOCIAL INVESTMENT	1	11.11 Coca-Cola	2	7.74 Shoprite	3	4.91 Eskom
GREEN AWARD	1	16.51 Coca-Cola	2	9.09 Shoprite	3	8.43 Eskom

CONSUMER CATEGORY

1 WATER

1	BONAQUA	65.91
2	AQUELLE	64.49
3	WOOLWORTHS	61.78
4	VALPRE	61.10
5	H2O	55.17

2 ENERGY DRINKS

1	POWERADE	67.00
2	RED BULL	66.86
3	POWER PLAY	64.34
4	ENERGADE	64.20
5	LUCOZADE	55.02

3 BEER

1	HEINEKEN	63.49
2	CASTLE LITE	60.60
3	CARLING BLACK LABEL	57.69
4	CASTLE LAGER	55.52
5	CORONA	53.47

4 CIDERS

1	HUNTER'S DRY	57.85
2	SAVANNA DRY	55.20
3	HUNTER'S GOLD	55.15
4	HUNTER'S EXTREME	52.72
5	REDD'S ORIGINAL	48.61

CONSUMER CATEGORY

20 years Sunday Times TOP BRANDS 2018

5 ALCOHOLIC COOLERS

1	BERNINI	56.97
2	RED SQUARE	55.27
3	BRUTAL FRUIT	53.88
4	SMIRNOFF SPIN	50.80
5	SMIRNOFF STORM	48.70

6 ALCOHOLIC SPIRITS

1	HENNESSEY	62.52
2	JOHNNIE WALKER	60.46
3	JAMESON	59.62
4	AMARULA	55.68
5	J & B	55.35

7 FRUIT BASED DRINKS

1	OROS	65.61
2	LIQUI-FRUIT	63.84
3	CLOVER	60.27
4	FRUITREE	59.02
5	HALLS	57.40

8 PERSONAL CARE

1	VASELINE	72.53
2	NIVEA	70.74
3	SUNLIGHT	66.78
4	PROTEX	65.58
5	DETTOL	60.98

9 CONDIMENTS & SAUCES

1	ALL GOLD TOMATO SAUCE	82.55
2	CROSSE & BLACKWELL MAYONNAISE	78.78
3	NOLA MAYONNAISE	63.23
4	MRS BALL'S CHUTNEY	62.49
5	NANDO'S SAUCES	57.91

10 ESSENTIAL FOODS

1	TASTIC	83.10
2	ALBANY	71.39
3	WHITE STAR	70.55
4	FATTI'S & MONI'S	68.34
5	SASKO	63.95

11 TINNED FOODS

1	KOO	95.62
2	LUCKY STAR	82.67
3	ALL GOLD	67.26
4	BULL BRAND	60.89
5	JOHN WEST	56.84

12 SOFT DRINKS

1	COCA-COLA	89.96
2	STONEY GINGER BEER	63.53
3	SPRITE	63.38
4	APPLETISER	63.30
5	FANTA	62.19

13 FROZEN CHICKEN

1	RAINBOW	68.91
2	GOLDI	67.82
3	WOOLWORTHS	65.30
4	I & J	56.08
5	FARMER BROWN	54.83

14 FAST-FOOD RESTAURANTS

1	KFC	83.37
2	NANDO'S	64.66
3	DEBONAIR'S PIZZA	64.60
4	MCDONALD'S / MCCAFÉ	62.25
5	WIMPY	61.60

15 SIT-DOWN RESTAURANTS

1	SPUR	67.00
2	NANDO'S	63.07
3	WIMPY	58.84
4	MUGG & BEAN	56.75
5	ROCOMAMAS	52.11

16 ELECTRONIC GOODS

1	SAMSUNG	84.75
2	LG	72.04
3	SONY	64.87
4	APPLE	59.08
5	HISENSE	58.02

17 LARGE KITCHEN APPLIANCES

1	SAMSUNG	75.07
2	DEFY	74.40
3	LG	68.08
4	KELVINATOR	59.30
5	WHIRLPOOL	55.54

18 CARS

1	MERCEDES-BENZ	67.02
2	VOLKSWAGEN	65.78
3	BMW	65.49
4	TOYOTA	64.58
5	AUDI	58.08

CONSUMER CATEGORY

19 BEAUTY AND COSMETICS

1	NIVEA	72.91
2	POND'S	63.01
3	AVON	60.88
4	YARDLEY	58.76
5	REVLON	57.94

20 PETROL STATIONS

1	ENGEN	60.53
2	TOTAL	58.88
3	SHELL	58.15
4	SASOL	56.97
5	BP	55.48

21 DOMESTIC AIRLINES

1	SOUTH AFRICAN AIRWAYS	62.25
2	BRITISH AIRWAYS	55.37
3	MANGO	47.68
4	KULULA.COM	46.26

22 RETAIL BANKS

1	CAPITEC	73.94
2	FNB	61.49
3	STANDARD BANK	60.71
4	NEDBANK	58.79
5	ABSA	53.73

23 SHORT-TERM INSURANCE

1	DISCOVERY INSURE	57.27
2	OUTSURANCE	56.74
3	OLD MUTUAL INSURE	55.71
4	FNB	55.22
5	STANBIC (STANDARD BANK)	55.02

24 LONG-TERM INSURANCE

1	OLD MUTUAL GROUP	59.20
2	METROPOLITAN LIFE	56.02
3	SANLAM	55.69
4	NEDBANK	55.31
5	LIBERTY	53.45

25 CELLPHONES

1	SAMSUNG	85.41
2	APPLE IPHONE	64.71
3	NOKIA	64.39
4	HUAWEI	63.12
5	SONY	55.49

26 GROCERY STORES

1	SHOPRITE	83.60
2	PICK N PAY (Supermarket/Hypermarket/Family Store)	79.61
3	SPAR/KWIKSPAR/SUPER SPAR	71.82
4	CHECKERS/CHECKERS HYPER	67.46
5	WOOLWORTHS	66.86

27 LOYALTY PROGRAMMES

1	PICK N PAY SMART SHOPPER	66.58
2	CLICKS CLUBCARD	62.83
3	VODACOM REWARDS	61.17
4	WOOLWORTHS WREWARDS	57.97
5	FNB EBUCKS	57.62

28 TV SERVICE PROVIDERS

1	SABC 1	80.40
2	eTV	79.42
3	SABC 2	74.39
4	SUPERSPORT	72.08
5	SABC 3	70.39

29 WEEKLY NEWSPAPERS

1	SUNDAY TIMES	61.09
2	SOCCER LADUMA	58.86
3	SUNDAY WORLD	58.63
4	CITY PRESS	57.57
5	SATURDAY STAR	56.65

30 DAILY NEWSPAPERS

1	DAILY SUN	64.50
2	SOWETAN	60.76
3	VOLKSBLAD	59.97
4	THE STAR	58.63
5	CITIZEN	55.11

31 MICROLENDERS

1	CAPFIN (PEP AND ACKERMANS STORES)	60.45
2	WONGA	47.53

32 TELECOMS PROVIDERS

1	VODACOM	76.54
2	MTN	68.16
3	TELKOM MOBILE	55.48
4	CELL C	54.11
5	TELKOM	49.01

BUSINESS CATEGORY

20 years Sunday Times TOP BRANDS 2018

GRAND PRIX 2018

OVERALL FAVOURITE BRAND

1	100	Discovery	Discovery Health Medical Aid Companies
2	99.99	vodacom	Vodacom Telecoms Providers
3	96.44		Apple iPhone Cellphones

SOCIAL INVESTMENT

1	11.73	Nedbank
2	7.89	Woolworths
3	5.33	FNB

GREEN AWARD

1	36.82	FNB
2	10.91	Capitec
3	9.09	Nedbank

1 DOMESTIC AIRLINES

1	KULULA.COM	91.39
2	BRITISH AIRWAYS	89.21
3	MANGO	73.01
4	SAFAIR	71.59
5	SAA	56.68

2 CAR HIRE COMPANIES

1	AVIS	87.58
2	EUROPCAR	81.97
3	BUDGET	69.04
4	HERTZ	58.51
5	FIRST CAR RENTAL	55.82

3 CAR COMPANIES

1	MERCEDES-BENZ	82.54
2	TOYOTA	75.55
3	AUDI	73.80
4	BMW	73.06
5	VOLKSWAGEN	68.72

4 LONG-TERM INSURANCE

1	LIBERTY	73.91
2	MOMENTUM MYRAID	73.20
3	DISCOVERY LIFE	72.92
4	SANLAM	70.94
5	ALEXANDER FORBES	62.47

5 SHORT-TERM INSURANCE

1	SANTAM	79.76
2	OUTSURANCE	70.62
3	HOLLARD	69.80
4	DISCOVERY INSURE	62.82
5	ALEXANDER FORBES	60.02

6 CORPORATE BANKS

1	FNB	85.68
2	INVESTEC	74.72
3	STANDARD BANK	72.63
4	NEDBANK	67.99
5	RAND MERCHANT BANK	67.49

7 INVESTMENT COMPANIES

1	ALLAN GRAY	88.28
2	MOMENTUM	66.78
3	LIBERTY	66.76
4	RMB/RAND MERCHANT BANK	61.87
5	SANLAM	61.68

8 CELLPHONES

1	APPLE IPHONE	96.44
2	SAMSUNG	84.00
3	HUAWEI	53.57

9 TELECOMS PROVIDERS

1	VODACOM	100.00
2	MTN	76.55
3	TELKOM	56.83
4	CELL C	55.71
5	NEOTEL	50.27

10 MEDICAL AID COMPANIES

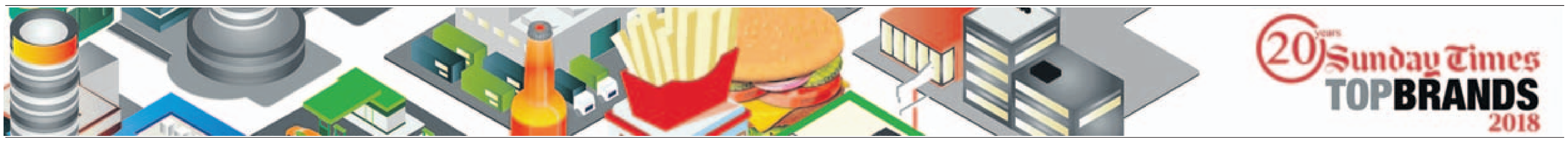
1	DISCOVERY HEALTH MEDICAL SCHEME	100.00
2	MOMENTUM	73.31
3	BONITAS	49.73

11 BUSINESS NEWSPAPERS

1	BUSINESS DAY	91.22
2	SUNDAY TIMES - BUSINESS TIMES	77.24
3	MAIL & GUARDIAN - BUSINESS	74.30
4	BUSINESS REPORT	55.01
5	SAKE 24	47.04

12 WHISKEY, BRANDY & VODKA BRANDS

1	GLENFIDDICH	81.56
2	JOHNNIE WALKER	81.54
3	JAMESON	81.01
4	GLENMORANGIE	77.02
5	CHIVAS REGAL	76.16



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Branding SA's best network

Vodacom has become a name that is synonymous with the country's history of transformation

By **Abey Mokgwatsane**

● The year 1994's dawn of democracy saw South Africans enter an economically and politically transformed world. Present throughout this historic period was Vodacom, the people's network of choice to connect them to the new SA. Despite the challenges faced by many of the country's citizens at the time, Vodacom, even during its infancy, stood for change and maintained its ability to transform the lives of South Africans through the use of technology.

Is it about being born at the right time?

Vodacom was there at the dawn of our democracy. It connected people in new ways as our nation opened up to new political, economic and societal experiences. Vodacom not only connected South Africans through mobile but it tapped into the zeitgeist of SA through bold marketing campaigns that challenged societal stereotypes – who can forget the lively interaction between the cocky city slicker and the wise old man and the advent of the term "Yebo Gogo"? With this, Vodacom's deeply rooted SA heritage was established and, coupled with accelerated network, technology and service investment, Vodacom was able to establish itself as the leading network in SA.

Is it about being most innovative?

Vodacom has a rich history of first to market innovations that have added value to its customers. Vodacom brought prepaid to the world and more recently Just4U which gives customers the best personalised deals. In August 2018, Vodacom became the first telco to launch 5G in the African continent in Lesotho.

Is it about being a good corporate citizen?

The Vodacom Foundation has a proud history of driving social development. Established in 1999, the foundation has partnered with numerous government and private sector organisations to grant over R1.2bn to various development programmes over the past two decades. As part of our new strategic objective of being a strong purpose-driven brand that is aimed at accelerating socio-economic transformation in the country, the foundation largely focuses on education and gender empowerment.

In partnership with the Department of Basic Education we connected 92 teacher centres and over 3000 schools across the country. We have also trained over 200,000 teachers on the use of Information and Communication Technology (ICT) in the classroom. These teacher centres serve as ICT District hubs that ensure continuous training for teachers, learners, unemployed youth and community members.

Vodacom e-School provides online curriculum aligned digital content to help bridge the digital divide in making learning exciting using technology. The e-School portal has reached over 500,000 learners across the country. The Youth Academy has also improved the digital skills of unemployed youth across the country and provided accredited training to more than 966 unemployed youth. The Academy was established in partnership with CISCO, Microsoft, the Independent Development Trust and Mict-Seta.

> Vodacom has consistently been ranked amongst SA's top employers by the Top Employers Institute

The purpose of building a stronger tomorrow through Siyakha

In 2017, Vodacom launched Siyakha for the purpose of connecting its customers to a better tomorrow, today. This was inspired by the need to become more than just a network for Vodacom customers. One of the meaningful ways that Siyakha has done this is through its Mum&Baby offering, which provides early childhood development information before, during and after pregnancy for parents and caregivers.

Is it about being ranked among the country's top employers?

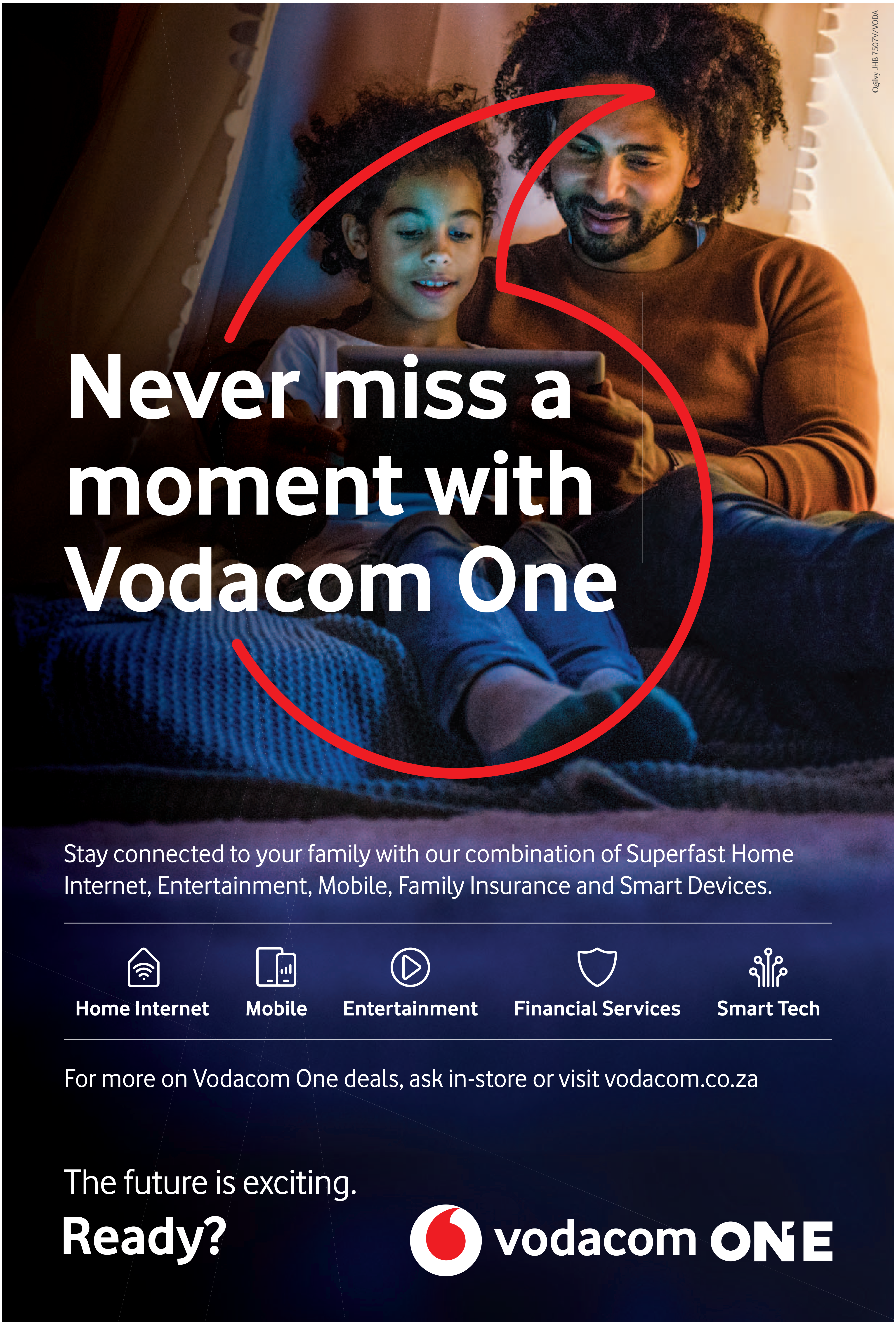
Vodacom has consistently been ranked amongst South Africa's top employers by Top Employers Institute. Just recently, Vodacom was certified as a Top Employer to work for and was awarded with a Top Employer South Africa 2019 and Top Employer Africa 2019 for certified excellence in employee conditions respectively. Vodacom has maintained this position over the last few years.

Maybe it's about all of this and more

Being a pioneer, an innovator, a responsible corporate citizen and a leading employer certainly helps in building a strong brand and being a successful company, but being the best into the future requires all of this and more. It requires that the brand has a purpose beyond its own commercial gain, a brand that uses its prowess, investment and technology to advance the lives of everyone it touches. There is no question that technology promises a brighter future for all. However, it's incumbent upon any company that has ambitions to be the best and to guide society on this journey to a better life. Being the best, therefore, is subject to empowering society towards a better future – this is an ambition that drives us and makes the future truly exciting.

To wrap it up and take it into the future ...

In the future, to be the best, you have to help people. They are your future – that is what will make you the best network provider.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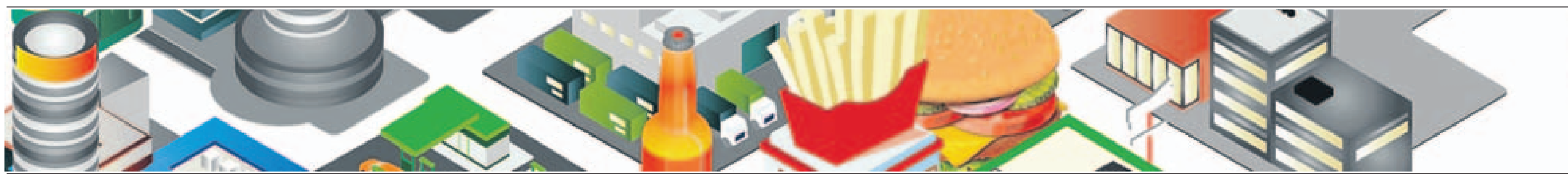

Technology

Samsung, Apple take a bite

Electronic giants' strategy of selling digital products and experiences has made them a popular choice for consumers

By **Merrick Parker**

● Watching a YouTube video or going about one's shopping in the mall, it has become quite difficult to get away from the marketing of the major electronics companies such as Samsung or Huawei, be it in the digital world or the physical world.

The country's consumer electronics spending is expected to grow from $6.4bn (R91.3bn) in 2010 to an expected $10.6bn (R151,2bn) by 2018 according to the department of trade & industry.

Jonathan Houston, GM at HKLM, a brand and communications agency, said many of the consumer electronics brands are inherently digital. "They sell digital products and experiences; their primary go-to market is a digital one as it resonates with their brand positioning and brand promise – great digital experiences. These brands are prominent not just because of their digital marketing efforts; but because of how they integrate their online and offline campaigns," Houston said.

He said the greatest digital marketing advantage these brands have taken advantage of has been "remarketing" to reinforce the awareness of their products and differentiated digital marketing mechanisms that move away from conventional banner placements and click-throughs to static webpages.

Samsung and Apple have continually engaged in this practice of "remarketing" their brand and their products. Both groups ranked top in the Cellphones category for the Sunday Time Top Brands Awards, with Samsung taking the number one spot in the consumer section while Apple ranked top for business section. Samsung also got the top spot in the Electronic Goods category.

One brand that has steadily built and reinforced its position in the market is Huawei. The brand was ranked fourth this year in the consumer section and third in the business section. In 2014 the brand was ranked eighth out of 10 for Cellphones category.

Likun Zhao, vice-presidentof Huawei Consumer Business Group Southern Africa, said Huawei has identified the African market as a growing, valuable and developing market.

He said group saw SA as the gateway to the African market and because of the growing

Picture: Thapelo Morebudi

demand for smartphones, they will be building their first country warehouse as they are forecasting 70% to 80% growth in demand.

Houston said the marketing effort around the Chinese brands has certainly lifted their brand awareness to the same level as the "usual suspects" being Apple, Samsung and LG.

"This has certainly helped change the perception of the brands being obscure and only for the Eastern market. This coupled with great user feedback and a competitively specced and well-priced product have made the general consumer take note," he said.

Houston said that Huawei have done incredibly well to break into an already crowded market and differentiate their brand, message and product well enough to be different.

Another brand that has made a return to the smartphone market is Nokia, and unlike other brands, the group's heritage is still well regarded and bankable for the group built on the legacy of the unbreakable 3310. Nokia took the number three slot in the consumer Top Brand for Cellphones. It previously held the top spot from 2011 to 2015.

The group's return comes as Finnish group HMD Global gained the rights to make and sell smartphones under the Nokia brand in 2016.

Justin Maier, vice-president: sub-Sahara Africa, HMD Global, said SA and the rest of the African continent has always been important markets for Nokia phones.

"We believe by introducing our new Android smartphone range to our portfolio, our fans, both old and new, will benefit from our products. We've had fantastic consumer response to Nokia Android smartphones since launching in June 2017 in SA and we are extending our proposition further," he said.

The group has launched more than 10 new Nokia Android smartphones across the sub-Sahara region since June 2017. It also launched the reloaded Nokia 3310 and Nokia 8110 4G feature phones.

Restaurants

Still top of the food chains

Picture: Masi Losi

Spur and Nando's remain a favourite despite many of their peers battling a market struggling in a recession

By **Noluthando Peter**

● Despite weathering a public relations storm over an incident which took place between patrons at one of its restaurants, Spur came out tops in this year's sit-down restaurants category. Though remaining top of mind for South Africans polled in this year's Top Brands research, the Spur group's 0.6% increase in restaurant sales – bolstered by its gourmet burger brand Rocomama's – showed just how tough the trading environment has been in a country flirting with a recession.

Consumer spending is under pressure in this country. Intense competition and economic strife have exasperated food service operators and the whole sector is faced with stuctural decline.

In almost three years after buying UK-based Gourmet Burger Kitchen for R2bn, Famous Brands, the owner of Wimpy, Debonairs and Steers, applied for insolvency to close outlets and cut rents in its UK operations.

Famous Brands ranked third in this year's Top Brands index but has been struggling to win over consumers in a muted consumer market.

The one-time darling of the market is finding it increasingly difficult to operate, which saw it close stores in underperforming areas and exit some of its other brands.

In the past year, Famous Brands closed 24 stores in its rest-of-Africa and Middle East region. In SA, the group closed 76 stores among its mainstay brands, including Wimpy, and 20 stores of niche brands, including Vovo Telo and Bread Basket. Leaving some to question the future of quick service dining in SA.

Yet despite this it seems that Nando's has been a lone survivor in foreign markets while its SA peers are barely surviving. Nando's which registered in second place for this years Top Brands segment, has grilled its way to the top.

Speaking to Top Brands, Geoff Whyte, Nando's CEO for Africa and Middle East said part of the group's success has been "building in the right locations and really looking after the people who work for us – if our nandocas are happy, so are our customers".

The company has over 1,000 stores in 35 countries jurisdictions including the UK and India, yet has managed to keep its market.

Nando's also expects to open 70 drive-throughs in SA by the end of 2018, as they see an investment drive with their brand.

Nolwandle Mthombeni, an investment analyst at Mergence Investment Managers, said in the quick service restaurants sector growth has slowed and profit margins have contracted. The sector will rebound when there's a meaningful increase in disposable income and improved consumer confidence. This could take 18-24 months.

"Nando's' founders, however, were able to expand offshore successfully. What helped is that they moved abroad so they had a good sense of the market dynamics," she said.

Alcoholic Beverages – Beer

Beer maintains a growing fan base

Craft beer consumer is becoming more aware of what good beer should taste like

By **Alf James**

Lucy Corne, The Brewmistress, from brewmistress.co.za and editor of On Tap

● While the number of craft beers in SA is on the increase, market development has slackened, according Lucy Corne, The Brewmistress, from brewmistress.co.za and editor of On Tap, SA's only beer magazine.

Although Corne says she still often learns about new beers and new brands, it's not brewery numbers that are rapidly rising as much as it is contract brands increasing.

"A contract brewery is one that brews on someone else's system. They don't have their own brewery. Instead they invest in branding, marketing, kegs and distribution . . . and paying the brewer for their ingredients and services of course," says The Brewmistress.

"It can be a fine model. Some of the best-known brands in the US (Brooklyn Brewery, The Boston Beer Co) and SA (Jack Black, Darling) started life as a contract brewery."

According to Euromonitor, craft beer continued to attract new entrants as economic recovery boosted demand in 2017.

"From brewpubs to mainstream outlets, products introduced to the marketplace were often labelled after brewers' cities or the communities, with many using key ingredients as competitive tools. On the other hand, sustainability in supply encouraged smaller players to rely on contractors to produce and distribute their products," said Euromonitor.

"Such synergy increased opportunities for established companies, whilst reinforcing collaborations. A noticeable example could be taken from Signal Hills Products, which launched Collaboration Series Mixed six packs, with each beer in the pack been crafted by a different microbrewery.

"As competition intensified, brand awareness was increasingly becoming a concern. Hence leading players like Jack Black introduced growlers to create a unique experience of their products, while it was increasingly common to find T-shirts and hats commercialised with craft beer labels."

The Brewmistress said when she arrived in SA in 2010 there were no more than a dozen microbreweries; by 2012 there were around 45 and between 2014 and 2016, brewery numbers in SA almost doubled.

Today, there are around 225 microbreweries and contract brewers with around half situated in the Western Cape. However, growth has slowed and remains a tiny proportion of the beer market in SA (probably about 1%).

"In the past 12 months or so, we have seen the launch of 20 new brewery brands, though only a handful since the start of 2018."

Corne says there have also been closures. In 2017, Krugerbrau, based in Sasolburg, closed down and Harfield Brewery closed last year; likewise Roca Microbrewery, Long Mountain, Scavenger Brewery, and the popular Cockpit Brewhouse in Cullinan have all closed their doors.

"I believe that we will see further closures over the next year or two, particularly from breweries that fail to identify their target market and, of course, those that fail to produce high quality, consistent beer.

"It is not that easy to go from brewing small quantities for home use and friends to selling to the public. There is a lot that goes into it like shelf-life, quality control and consistency, not to speak of bottling, branding, marketing, and transporting."

The Brewmistress believes that a more sustainable model in the current environment is a brewery with its own brewpub, but this comes with licencing requirements. At the moment, it seems the only way to make it financially viable as a microbrewer is to be small and have people come to you – in other words not having to distribute – or you must go big.

"Floundering in the middle with a 1000-litre system that you brew on a few times a month and then trying to distribute the product is highly unlikely to be sustainable, but if you can find a good location where customers can and will come to you, I really think there is still plenty of space for you in the market.

"The brewpub model is great, because you don't have to worry about the middle men taking their cuts before the beer is sold to the public."

Corne says there is also much movement in the sale and purchase of microbreweries, with many of the new owners continuing to trade in the same place, mostly with the same beers. It's not just the craft-beer industry that seems to be struggling.

"Earlier this year Windermere Cider also announced the closure of the brand and the selling of all of their equipment due to stagnation of the business."

She identifies the extremely tough market conditions in which a premium product like craft beer that is relatively expensive is quick to be ditched by consumers who have to economise. Furthermore, the craft beer consumer is becoming more aware of what good beer should taste like and shuns shoddy brews accordingly. Corne says the market is about to change again, with the probable arrival of some of Heineken's American craft acquisitions and the likely arrival of AB InBev brands like Leffe and Hoegaarden.

Picture: 123RF/Jacek Nowak

Alcoholic Beverages - Spirits

Brown spirits stay on top

Whiskey, brandy outsell white spirit beverages

By Merrick Parker

● Gin might be all the rage at the moment with it being paired with everything from rose petals to pomegranate seeds in trendy cocktail bars around the country – despite brown spirits still dominating the market – but some experts are questions for how long that reign might last.

BMi Research has seen a growth in volumes for Vodka and Gin over the past year, while white spirits are believed to be more popular with the younger adult generation. Over the years, the brown spirits sub-category like whiskey has been losing share to the white spirits category. Last year 67.5% of the volumes sold were brown spirits, while 32.5% were white spirits.

The Sunday Times Top Brands awards saw Hennessey, Johnnie Walker and Jameson taking the top spot for the Alcoholic Spirits category.

A Jameson spokesperson said that many of the key global drinks trends are helping Jameson to grow, making the world's fastest-growing Irish whiskey, experiencing 28 years of consecutive growth and hitting sales of 7.3-million cases in 2018.

Premiumisation and the rise of "drink less, drink better" culture has also benefited brands like Jameson that cater for an increasingly super-premium consumer segment. But those trends are also benefiting the likes of gin. According to the Global Gin Insights report from The IWSR, the global gin segment is set to continue to grow, with 19 out of its top 20 global markets predicted to expand sales to 2021. Cindi Collett, account manager at BMi Research, said brands, especially international ones, need to be fashionable, modern and innovative.

> **Johnnie Walker, Jameson among favourite tipples**

The whisky brand Johnnie Walker Black recently revamped their iconic logo with changing the image from a man to a woman in boots mid-striding tipping her hat, specifically marketing to women, and a limited edited version of Jane Walker was launched in March 2018. Collett said the marketing campaign included slogans like #LoveScotch splashed on pictures of attractive young women drinking scotch together across billboards, social media and magazines in dozens of countries.

Collett said print advertising promotions within SA has grown year-on-year, with the top five categories being wine, whisky, beer, flavoured alcoholic beverages and brandy.

Dr Sean McCoy, co-founder and director and HKLM branding and communications agency, said with the increased pressure on the drink and drive dynamic, the brands most likely to maintain a strong position or build relevance are "probably the ones that give hope – as controversial as that may sound – that are aspirational, celebratory and optimistic, brands that provide street creds and are positioned as uplifting to the youth".

But Brands will have to continuously innovate and proactively find alternatives ahead of tightening legislation and build emotional and consumption connections in alternative channels.

Foodstuffs

Still a leader in consumables

Tiger Brands seems to have survived the Listeriosis outbreak, remains a favourite

By Alf James

● Tiger Brands is one of Africa's largest, listed manufacturers of fast-moving consumer goods (FMCG). Its core business is manufacturing, marketing and distributing everyday branded food to consumers and distributing leading brands in the home, personal care and baby segment.

Tiger Brands' brand portfolio includes some of the country's best known and most-loved brands that have been around for many years, are trusted, and have strong consumer equity, quality perception and market share.

Their impressive brand list includes Albany, Koo, Tastic, All Gold, Crosse & Blackwell, Golden Cloud, Oros, Energade, Beacon, Maynard's, Jungle, Fatti's & Moni's, Ace, Mrs Ball's, Ingram's, and Doom . . . to name just a few.

To further illustrate the strength of Tiger Brands, not only was KOO the overall winner in the Consumer Grand Prix category of the Sunday Times Top Brands Awards survey for 2018, but Tastic and All Gold Tomato Sauce also finished in the top 10 most loved SA brands.

Furthermore, Tiger Brands is the only food producer on the JSE Top 40 and, according to Nielsen's Home Panel in 2018, a whopping one in four food products in shopper's baskets are Tiger Brands products, which is testament to the fact that its brands have been a part of the fabric of SA society.

When it comes to Tiger Brands' impact in the market, the food manufacturer is in the top three in 80% of the categories in which it participates and is the leader in 24 of those categories.

However, the question remains whether the isteriosis crisis will translate into a weakening of not only Enterprise's brand strength and consumer's buying patterns, but taint Tiger Brands' other brands and products?

According to Michaela Murning, group marketing strategy & capability director for Tiger Brands, while the Listeriosis outbreak had an impact on the business and its consumers, it also created an awareness of and a need for improved food safety, which can only be achieved through better co-ordination across all stakeholder groups and regulation in SA.

"At Tiger Brands, we acted swiftly for the safety of our consumers and withdrew all value added meat products (VAMP) from the trade and from consumer homes while we worked to get to the bottom of the listeria detection at our Polokwane facility.

"All Enterprise Food factories have undergone intense auditing and evaluation conducted by local and international listeria experts. Recommendations for improvements to further bolster the already rigorous food safety standards have been implemented by the company to ensure that all its facilities operate at world class standards.

● Continued on page 28

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"All VAMP staff members have also undergone re-training to ensure that all health, safety and quality standards within the facilities are meticulously adhered to."

Murning says as a brand, Enterprise knows that much work must be done to earn back the trust of its consumers and all South Africans.

"In addition to the new industry safety standards for the production of ready-to-eat processed meats, Enterprise Foods is advanced in its plans to provide assurance of product safety to all its consumers when the products are back on shelf. An announcement on the reopening of factories will be communicated in due course."

At a country level, Tiger Brands has advanced discussions with key stakeholders, including industry bodies and academia, for improved food safety assurance in SA. "We must work collectively and with a strong multi-sectorial approach to ensure that something like this never happens again in our country. Tiger Brands will play a leading role in driving such an approach," says Murning.

She emphasises that Tiger Brands' other product categories within its stable of brands are not at risk of listeria contamination.

"We follow extremely rigorous hygiene and safety standards, as well as our own internal protocols to assure the safety of food products, including protocols for managing pathogens, viruses and bacteria."

Reputation management and public relations professional Lunice Johnston believes that Tiger Brands did not fully comprehend the seriousness of the situation when it began engaging with the public and media.

She says they either did not fully realise they were in a crisis or their plan of action was inadequate with no precedent on which to draw from.

"It was obvious that Tiger Brands was adhering to its legal counsel at the expense of its brand and reputation strategy.

"However, I'm sure Tiger Brands will survive the setback, because of the strength of their other brands in the marketplace, but only time will tell whether Enterprise will survive in its current format."

Johnston points to the way then chief executive of Pick n Pay, Sean Summers, dealt with the poison threat in the company's no-name brands in 2003: "He engaged with all the company's stakeholders immediately and on an on-going basis. He employed an open and transparent strategy that emphasised the need for 'forgiveness'. Despite fierce criticism and the threat the crisis posed to the company, its brand and customers; brand goodwill and the company's share price grew.

"Whereas, to my mind, Tiger Brands has engaged in far too little communication with its stakeholders, particularly its consumers, many of whom used Enterprise products regularly as part of their diet and then, all of a sudden, they could not purchase any. Hopefully Tiger Brands and other brand owners have learnt from this incident. Brands should not be complacent, in the face of a crisis they should immediately engage with all their stakeholders and should have empathy with their consumers," says Johnston.

Cars

Merc's brand equity tops all

The German maker's innovations for current and future generations makes it a favourite

By **Ciaran Ryan**

● Mercedes and BMW are pretty much neck-and-neck in terms of global sales, if we include Mini in BMW's figures, but Mercedes edges out its competitors BMW, Audi and Toyota yet again in the car category of this year's Top Brands Survey. Total global sales in 2017 came in at a shade under 2.5-million units for both groups.

Mercedes has a high brand equity built over many years. It remains solidly (occasionally inter-changing with BMW) the top-ranked motor brand. The company says the strategy that drives this brand awareness is its claim "The best or nothing".

As the inventor of the automobile, Mercedes-Benz is focused on providing mobility solutions for current and future generations through driving innovation, says Yolanda Oduntan, media specialist at Mercedes-Benz. This is more properly defined in its Case strategy (connected, autonomous, shared services, electric) set up specifically to disrupt the automotive industry.

"It continues to evolve and shape our products and technology to meet the demand of our future customers. Similarly, we will adapt all brand messaging to support the Case strategy while staying true to the values that have ensured our success for the past 132 years," said Oduntan.

The marketing strategy has focused on transitioning the Mercedes-Benz brand from a well-respected brand to a loved brand. The affordability of the brand has been helped by the move into the compact car generation, while still maintaining its exclusivity.

On the subject of affordability, it's rather sobering to look at car prices over the decades. In 1990 a basic BMW 325i cost US$24,650. At a time when the rand was roughly R2,50 to the US dollar (for the younger generation, this actually happened), this works out R61,625.

Of course, it's not fair to compare different models in different time periods, given the quantum leap in technology and features available today. But it's a fun exercise.

Today, the BMW 320i GT sports auto retails for about R630,000 at a time when the exchange rate is R14,50 to the US dollar. You can get a 318i for about R520,000. What has made this affordable for the aspirational buyer is some amazing financing packages.

The premium car market remains consistent in emphasising safety, quality and sheer driving pleasure, in this is reflected in brand ratings. BMW, with its instantly recognisable logo, hews closely to its core message: its cars are engineering marvels that are a thrill to drive. For decades, it promoted its cars as "The ultimate driving machine" and, more recently, "Sheer driving pleasure". The BMW X4 parades its grunt and dexterity under the tagline "Bring it on." It remains an aspirational brand for those working their way up the automobile ladder, as brilliantly exploited by BMW in all its marketing campaigns.

Audi's "Vorsprung durch Technik" is equally recognisable to automobile aficionados, and it too is an aspirational brand that rides on the group's search for technological superiority. The Audi Quattro was the first to introduce all-wheel drive for passenger vehicles, though subsequent technological developments are nothing short of staggering, from driver-assistance, cameras and sensors to avoid dangerous driving situations and all-wheel steering to improve road stability.

All premium car brands, seeing the success of Tesla in the US, are pushing hard on the next generation of electric cars, which incorporate engineering and technological breakthroughs that will forever alter the way we travel. Gone are the days of sluggish under-performing hybrids. The BMW i8 is a hybrid with explosive power, combining the performance of the BMW M3 with the fuel consumption of a subcompact. All major car makers are now firmly invested in the electric race. Given the rather impressive list of premium car brands, what accounts for Mercedes' longevity?

"As the reigning Sunday Times Top Brand in our category, the reigning Generation Next Coolest Motor Vehicle Brand, and a positive International Brand Monitor survey that shows Mercedes-Benz indexing among the highest in the world in terms of brand strength versus the competitive set, we are pleased with our progress over the past decade and intend on remaining in the pole position," said Oduntan.

Newspapers

Still holding their own

Despite the rise of digital media, some newspaper titles have remained relevant to the changing market

By **Asha Speckman**

● Love them or hate them, newspapers have had a staying power even though sales have taken a dive in the age of the rise of digital media platforms as increasingly dominant sources of news, at the touch of a button or a swipe left. The future for the larger domineering newspaper titles that had shaped the news narrative over decades is looking grimmer, but it will be free local titles that cater to new audiences with lower spending power that will snag new readers, research has shown.

Charles Stuart, partner at PwC in SA said, "In SA, charging for news will become more difficult, and the next generation of newspapers may not have the historic dual revenue streams, of circulation and advertising, that have typically been enjoyed by publishers, placing a greater emphasis on the need to make a success of advertising sales in isolation."

The Advertising Bureau of Circulation figures for the first quarter of 2018, however, indicate that the pace of decline in local newspaper circulation was slower than that for daily, weekly and weekend newspapers. Stuart said this suggested that titles which are geared towards specific needs, cultures and languages of local citizens were performing better than more challenged big titles. "By contrast, national and international news is relatively more commoditised," he added.

The Sunday Times Top Brands survey records show that of the daily newspapers category, the Daily Sun, a publication launched by Media24 and which caters to the low-end of the spectrum of readers, has consistently dominated over the past six years since 2011. It was followed by the Sowetan – a Tiso Blackstar Group title – which had built a niche following among black readers.

In 2018, of the larger established brands, the Business Day scored the highest with 90.49 index points on the Top Brands index. It was closely followed by the Business Times, the business supplement of the Sunday Times, which came in at second with 76.51 on the index. Both titles are owned by the Tiso Blackstar Group.

The Mail & Guardian scored third place this year after sharing a joint second position with the Sunday Times in the 2017 survey. The Business Report, a title of the Independent Media group was ranked fifth in this year's study followed by Media 24 publications Sake 24 and Sake Rapport.

Last place at number eight was Saturday Personal Finance, a weekend supplement with The Saturday Star, Independent on Saturday and Weekend Argus Saturday.

In the past four years there has not been significant shifts in the ranking of newspaper titles, with the top mostly dominated by Tiso Blackstar brands and the Mail & Guardian. But the list of publications that have appeared in the top 10 had increased since the initial six in 2014. In 2016 the list included a full 10 publications with City Press and Rapport joining their sister title Sake24. The Citizen was also included. In 2017 the list shrunk to eight as City Press and the Citizen fell by the wayside.

According to PwC research, in the next four years, SA's newspaper market is expected to be R1.6bn smaller than it was in 2017. Last year, SA's total newspaper revenue totalled R8.6bn. It is forecast to shrink to R7bn in 2022.

TV Entertainment

Streaming set to disrupt TV

New entrants are giving traditional TV the run for its money with offerings

By **Penelope Mashego**

● This year's Top Brands TV Service Providers category shows that the free-to-air channels still reign, with SuperSport's offering the most compelling of the pay-TV models for South Africans. After more than 25 years of Multichoice's initially groundbreaking bouquet of entertainment, reality TV and sport, the signs are there that the sea change in broadcast entertainment is under way.

The Internet has become more accessible and new players change the game with innovative and disruptive content, posing a threat to traditional providers. Over the years MultiChoice, through its satellite service DStv, has grown from an M-Net decoder service to a provider of more than 170 channels available via decoder, smartphone, tablet and online.

However, recent months have seen MultiChoice start to lose its grip on the SA market. This has led global internet and entertainment group Naspers to unbundle its MultiChoice business last month. The new entity will operate under a separate name and will go head-to-head with streaming services that offer low-cost means of accessing content. Many people no longer connect with the DStv brand, preferring video on demand that is not interrupted by adverts and offers the ability to repeat shows or move on to something new.

Companies like Netflix, Amazon Prime Video and Facebook Watch, have hit the ground running, offering fresh content on viewers' terms. Streaming service Netflix, for example, generates its own original content. Launched in 2016, it often releases entire seasons of series in one go, enabling viewers to binge on their favourite shows in one go and is available in more than 190 countries, including SA.

"Given the consumer demand for great content over the Internet, we wanted to start meeting that need in SA now, rather than waiting. And as we grow in each market, we will keep learning about them and build that into our service," said a Netflix spokesperson.

Amazon Prime Video has a similar offering, and also has videos available for purchase.

Facebook Watch on the other hand, is more interactive and enables users to create and post their own videos, as well as watch videos while having conversations about them with the show creators and their Facebook friends.

In a statement, Fidji Simo, Facebook head of video, said every month more than 50-million people in the US tuned in to view videos for at least one minute.

Lester Davids, desk analyst at Unum Capital said although MultiChoice has enjoyed a multi-year monopoly in SA, this monopoly is being disrupted by the new competitors who also come in with lower prices.

The threat has not been lost on MultiChoice though and Calvo Mawela, CEO for MultiChoice SA, said: "Over the past two years, there has been much focus and investment to improve the content offering and expand our range of online [and] streaming services. Showmax is included free of charge to our Premium customers and all our customers have access to our DStv Now service."

He added that MultiChoice planned to offer an online only option in 2019, which will enable customers to subscribe to stream or download DStv content online.

Finance

Credit remains king

More consumers apply for credit despite the pressures brought on by recession

By **Merrick Parker**

● In 2014 the unsecured lending space was upended with the collapse of African Bank.

Four years down the line, the SA economy has plunge into a recession, creating a difficult economic environment for unsecured lenders. The unsecured lending market in SA is significant. According to the Consumer Bureau Market Report, in the first quarter of last year, there were 24,7-million credit-active consumers in SA, of those, 39.3% have impaired credit records. But the number of people with impaired records has been declining since 2015.

The sector is seen as critical tool for financial inclusions allowing people access to capital.

According to the Banking Association of SA, banks grant 76.3% of new unsecured credit in the market.

The latest Consumer Credit Market Report until June 2018 from the National Credit Regulator, found that there was a 6% quarter-on-quarter increase in the number of applications for credit by South Africans, with just under 11.1-million received in the three month period.

The increase emphasised the pressure consumers were under as the SA economy remains subdued.

Capfin, which was named the top micro-lender in the Sunday Times Top Brand Awards, said it expects muted business in general as the current economic climate continues to weigh on the sector's growth.

> **"Market for credit has become more mature**

"We foresee pressure on customers to continue throughout 2018, with factors such as high unemployment, the VAT increase and the fuel price having a direct or indirect impact on consumers' pockets," a spokesperson for the group said.

Over the past few years, factors such as low levels of GDP growth and inflation appear to have placed pressure on consumers and their affordability for loans, which has resulted in the number of reported unsecured and short-term credit agreements remaining subdued. The International Monetary Fund (IMF) recently downgraded SA's GDP expansion forecast for 2018 from its initial projection of 1.5% in April to 0.8%.

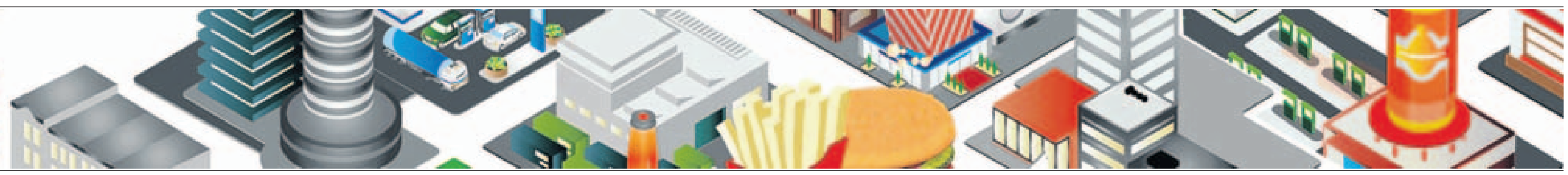
IMF joins the World Bank and the SA Reserve Bank in lowering growth SA's projections. Capfin said customers, however, have been seeking an alternative to the major banks and have been looking at companies like Capfin and other micro-lenders.

Capfin said the recent launch of the group's digital origination process has also been beneficial to customers, allowing them to apply for a Capfin loan anywhere, at any time. The unsecured lending industry in SA has remained a controversial one since the collapse of African Bank.

Earlier this year Capitec was placed under the spotlight after short sellers, Viceroy Research, published a report on the group.

Capfin said the market has become more sustainable and mature since the the collapse of African Bank.

"Our industry has learnt many lessons, which have been incorporated into business practices and legislation/regulation."



Beverages

Sugar industry feels bitter taste

Picture: 123RF/fotorince

New laws on content to result in decrease in demand, production and job losses

By **Asha Speckman**

● Consumers have been paying more to quench their thirst with iconic brands such as Coca-Cola and Swiss beverage label Schweppes since April this year when the government's sugar tax kicked in. And the after-effects of this have already left a sour taste in the sugar industry.

Several beverage manufacturers have signalled a decision to reformulate away from sugar to reduce their exposure to the health promotions levy. The first four grams per 100ml are exempt from the levy. Thereafter sugar content that exceeds 4grams per 100ml is taxed at a fixed rate of 2.1c per gram, according to the SA Revenue Service.

Trix Trikam, executive director at the SA Sugar Association, said from April to September sugar sales by SA producers to the beverage sector dropped by about 30% compared to the same period of the previous season.

Beverage manufacturers have previously argued there was no evidence that introduction of the levy would result in a decline in instances of obesity and non-communicable diseases, which the industry agreed was high in SA. The Department of Health cited worrisome levels of obesity and non-communicable disease. According to the beverage industry sugar sweetened beverages account for only 3% of the total daily calorie intake compared to other foodstuffs. In 2014 the industry had committed to begin to reduce sugar content in beverages by 15%.

An impact assessment by the Bureau of Food & Agricultural Policy found that the levy may result in a 200,000 ton decrease in the demand for sugar, a 13,200 hectare reduction in cane production and about 3,129 job losses.

But fuel prices have also hiked 25% in the past seven months and with inflation trending higher, Elize Kruger, senior economist at NKC African Economics said.

The National Treasury projected an income of R1.93bn from taxes on sugary beverages in the 2018/2019 budget estimate.

Coca-Cola is the leading brand with 92.85 index points. At the top of the log of energy drinks is Powerade, followed by Red Bull. Bonaqua dominates the brand of water and is flanked by Aquelle as second runner-up and the Woolies water brand in third place. Oros, Liquifruit and Clover are favourites in the fruit-based drinks category.

Health Insurance

Discovery continues to lead the pack

SA's medical insurance giant wins 5th year in a row

By **Penelope Mashego**

● It has been more than 26 years since Adrian Gore and Barry Swartzberg established Discovery as an insurance company. In that time the company has grown to be an innovator of note in the industry.

Discovery is once again the winner of the Sunday Times Top Brands, scoring 102,43 in the index, holding on to the position it has held for the past five years.

At the heart of Discovery's success story is its ingenious business strategy, which saw it start as a small specialist insurer, later launching a medical savings account, a wellness programme, Discovery Vitality and eventually listing on the JSE, in less than 10 years.

The luxury of being in the industry for more than two decades as a highly inventive company is paying off for the group.

The group also provides healthcare cover in China and the UK, life assurance in the UK and Vitality in the US, China and the UK.

In SA Discovery Health is the country's largest healthcare funder, managing 14 medical schemes.

Firoze Bhorat, chief marketing officer at Discovery, said: "Discovery's business model, of incentivising people to make healthier choices and dynamically rewarding them for reducing their risk, is increasingly relevant because it is responsive to current trends and addresses changing realities, including the demand for corporate citizenship, increasing burden of lifestyle diseases, ageing populations and emergence of technology."

He said Discovery will continue to pursue opportunities that will enable its vitality brand to evolve, change global markets and make people healthier.

For Dr Sean McCoy, founder of brand agency HKLM, Discovery has upheld its pioneering spirit in its business and it is at the heart of how it operates. The group is now growing to include a bank in its long list of achievements, a move McCoy says will likely turn the banking sector on its head and offer consumers something new and different.

Even the Health Market Inquiry, which was convened to probe competition in the private healthcare sector, acknowledged Discovery, saying that its success was a sign of robust health.

Momentum and Bonitas have also made strides in the market. Momentum, the second top medical aid brand has a score of 73,31 in the index.

Damian McHugh, Momentum head of sales and marketing, said: "The Scheme has seen continuous growth over the last five years, so much so that it is one of the fastest growing open medical schemes in the industry. In addition to this Momentum Health has been able to reduce the average age of their principal members, proving that their benefit structure and complementary product offering, provided by Momentum, appeals to the younger target market."

Momentum was established in 1966, making it the oldest of the three medical aids, at 52.

At the heart of its strategy is understanding its members and providing them with benefits that are stable and meaningful, while challenging the status quo and reimagining the healthcare

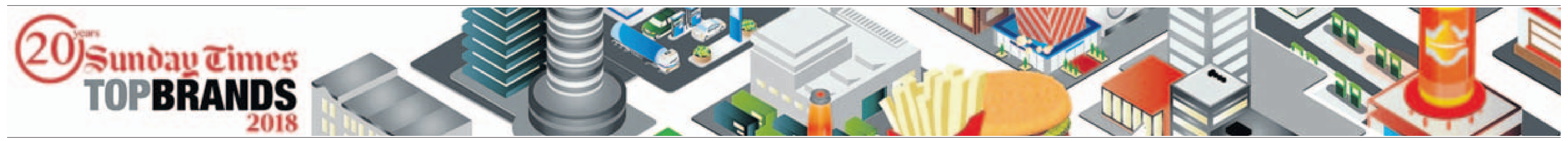
With more than 35 years as a medical scheme under its belt, Bonitas Medical Fund comes in third place with a score of 49, 73 in the index. Since its beginnings in 1982 as a medical scheme for black civil servants Bonitas has grown to over 700,000 beneficiaries and its strategy is focused on providing simple, easy to understand plans that give members maximum value for money.

"Members are at the heart of our business and recognising their needs and finding ways to optimise the plans we offer and the service we deliver is critical," said Gerhard van Emmenis, Bonitas Principal Officer.

He added that the company's intimate understanding of the healthcare industry in SA coupled with understanding the needs of members from all walks of life is why it Bonitas has been successful at ensuring that it remains relevant in an ever changing industry.


ALL I NEED
IS MY STYLE TO
MAKE THIS STREET
LOOK GOOD.
NEVER STOP.
NEVER SETTLE.


Hennessy
VERY SPECIAL
COGNAC



Short-Term Insurance

Innovation still a draw card

Though seen as a grudge purchase, more people are buying short-term insurance despite a struggling economy

By **Merrick Parker**

● While more players are entering the short-term insurance industry, many consumer still see it as a grudge purchase.

A study performed by emerging Insuretech Company Lemonade found that a large proportion of Americans see insurance as a grudge purchase and do not believe their insurance company will pay them in the event of a claim. To some extent that view in one form or another is prevalent around the world.

Angela Adamson, director of AdCheck, agreed, saying the short-term insurance industry's focus is still mainly on premiums and service delivery with an emotive message being humorous and/or peace of mind.

A number of players are offering added benefits such as emergency assistance and cash-back offers. This all points to something that can be considered a grudge purchase.

But more people are buying short-term insurance in SA. According to a 2017 survey by global accounting firm KPMG, the short-term insurance industry reported gross written premiums of R92.1bn in 2016, an increase of 4.2% than the R88.4bn written in 2015.

The KPMG survey said the growth was seen while the SA economy was under considerable strain, which forced the insurance companies to be innovative through partnerships, new products and the use of technology to stimulate real growth.

OUTsurance, which was ranked second in the Sunday Times Top Brand Awards after Discovery Insure, said there were many factors that keep kept OUTsurance as a top performing brand in our category.

The group's head of client relation Natasha Kawulesar said OUTsurance's approach to finding innovative solutions to consumers typical pain points helps keep the company relevant.

"Be it pointsmen for traffic congestion or amazing new digital capabilities to enable easy and quick self-service, our innovations have kept consumers engaged in our brand. Lastly and most importantly are our people. They are the real touch point for consumers when they deal with us," she said.

Kawulesar agreed that short-term insurance was still very much a grudge purchase. However, the market place is changing. She said consumers want more transparency, they care about the brand they buy from and they expect a better experience.

"It is not only about the best price – consumers will pay a premium for a brand they can trust and which offers them more," Kawulesar said.

Looking at short-term insurance in SA, the market remains very competitive, which is great for consumers.

According to KPMG the level of competition is expected to increase due to the allowance of foreign reinsurers to conduct business in SA through a branch.

There is also excess market capacity as well as increasingly higher innovation trends, which is a global trend.

Kawulesar said consumers have lots of choice and pricing is competitive and for the insurers, a slow economy means it will be hard for the industry to grow the top line ahead of inflation, "especially in these tough times".

"The brands that keep innovating and winning customers away from their competitors will be more successful in such times," she said.

Banks

FNB leads with innovation

Picture: Waldo Swiegers

However, the impending Discovery Bank is set to be a sector "disruptor"

By **Merrick Parker**

● With Discovery entering the fray of the banking sector, the group might give some of the established players a run for their money when it comes to the innovative brand they have built up, but some may be stronger than others.

Capitec, which clinched the number one spot for Retail Banks for the Sunday Times Top Brands Awards, has also been named by the Brand Finance local brand value report as SA's strongest brand, taking over from FNB.

Capitec said that the recognition from the Top Brands Awards was a fantastic acknowledgement of the brand they had built over the past 18 years.

The group's simple customer-centric approach and offering affordable and a simple product has seen Capitec rise from a small retail player of only a few years ago.

FNB, which took the second spot in the awards, has over the past few years firmly established itself as the most innovative bank in SA, it was the first bank in SA to launch a banking app and has recently introduced selfie banking.

Faye Mfikwe, FNB chief marketing officer, said because innovation is a "core tenet" of what the bank does and consumers have associated the brand as being at the forefront of banking and continually disrupting the industry.

Mfikwe said technology and digital platforms play an essential role in keeping FNB as a market leader, which makes it important. The group ensures they "future proof" their service offerings.

"Brand recognition and strength is built in every single contact we have with our customers.

Through our brand recognition efforts we ensure that our customers get a consistent experience across all the channels we use to interact with them," Mfikwe said.

She added that a for brand to remain top of the customers' mind they have to anticipate and solve for customers' needs before they arise. She said FNB is making increasingly better use of the deep insights and using those insights to offer integrated, helpful and customised financial solutions as well as optimising the bank's digital platforms.

Jonathan Houston, General manager at HKLM – a branding and communications agency, said there is also a difference between purposeful brand-led awareness advertising and campaign-driven marketing campaigns.

He said many financial service brands are getting the latter right to a large degree, but many are still struggling with showcasing their brand in a purposeful way that their target audience can say resonates with them and is a true reflection of who they are

Houston added that banks have taken a position to not only reach their target audience digitally, but they also have tried to fulfil customer needs digitally as well.

He said the sector is rife with disruption not only in the awareness and consumer acquisition sectors but also in the fulfilment and retention spaces.

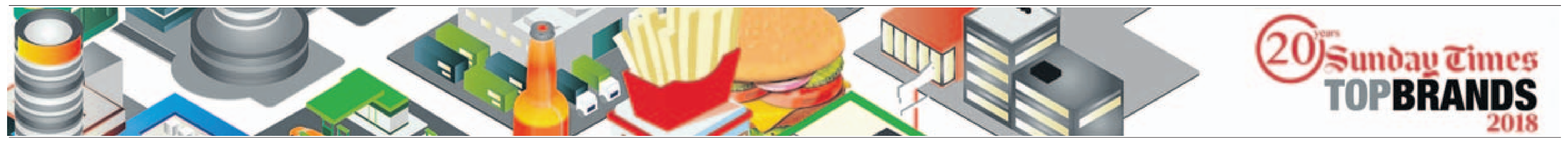
"As consumers we are expecting the "Apple" experience from all of the brands that we deal with. That means we want slick, frictionless experiences that enhance our lives."

But some experts believe that the unexpected should be expected with the launch of Discovery Bank.

Dr Sean McCoy, co-founder and director at HKLM, said Discovery Bank is likely to be a serious contender that "no doubt will turn the model on its head again and offer the consumer something new, differentiated and hopefully beneficial to the greater good".

He said Discovery's ability to blend innovation, technology and the human interface into a compelling value proposition and customer-centricity product, has given them the edge. "If they can deliver this again in the banking, as one expects they will, we are very likely to see a considerable sector shake-up."

The group has made considerable strides in using customer data to encourage clients to behave in more healthy manner or even drive better, that innovative use of data could be applied to the banking sector.



Loyalty Programmes

Great reward for customer loyalty

Pick n Pay has been ranked top of the loyalty programmes since 2013

By **Merrick Parker**

● These days every company has a loyalty programme in one form or another, so much so they can arguably be blamed for the difficulty people sometimes have in finding their credit card to pay at the store, or worse, fumbling for the right loyalty card.

But offerings like FNB's eBucks platform or the likes of the Clicks ClubCard or Pick n Pay Smart Shopper card have won the favour of customers as they have benefited from either cash-back rewards they offer or through discounts. On the other hand programmes like MySchool, MyVillage and MyPlanet initiative from several retail partners have allowed consumers to be more purposeful and direct their earned loyalty to causes of their choice.

Gareth Pearson, CEO of BMi Research, said loyalty programmes are working and are still relevant, especially for companies that are providing value back to consumers and those that are using the data analytics correctly to their advantage.

"Consumers are looking to be informed of specials on items they actually use. Take a typical shopping basket and determine which products the shopper is due to replenish and then push notify the consumers that the product is available and/or on promotion at their favourite store," said Pearson.

However Pearson said that the skill and resource required to make this a reality is often a significant challenge to retailers, but could be an area where retailers could create a level of differentiation.

John Bradshaw, Pick n Pay's head of marketing, said through Smart Shopper the group is able to gather useful information about their customers that they can then use to to add value to their shopping experience.

"Everything we do, whether it be through Pick n Pay or Smart Shopper, is based on customer feedback and customer behaviour. We listen to what our customers want and improve and innovate the programme based on their feedback," he said.

With that data the group modernised Smart Shopper in March 2017 to introduce weekly personalised Just For You discounts.

Bradshaw said another factor for loyalty programmes was accessibility. The group recently introduced Card-less Swipe through the Pick n Pay app, which means customers don't need to carry their Smart Shopper card with them and they can now scan the QR code from the Pick n Pay mobile app at the till point. Pick n Pay launched Smart Shopper in March 2011 and since 2013 it at has been ranked as the top loyalty programme every year in the Sunday Times Top Brands Awards. In the first year they reported in excess of 5-million active cardholders and that number has risen to over seven million active customers.

Clicks ClubCard which has taken the second spot since 2013 in the Sunday Times Top Brands Awards was launched in 1995 and has over 7.5-million active members.

Susann Caminada, Clicks Spokesperson said the programme was revamped in 2015 from a paper voucher system to loading cash-back directly onto ClubCards. This was followed by the launch of the Clicks App in 2017, which allows customers have their Clicks ClubCard on their phone

But some think that loyalty programmes are not the ultimate retention strategy. Dr Sean McCoy Dr. Sean McCoy Founder, HKLM Group a branding and communications agency said consumers still want a good deal in terms of product or service price and quality; and potentially more importantly, good customer service and a positive brand experience.

"In the absence of any of the former, loyalty programmes do not compensate for this shortcoming. If on the other hand, these are intact, then any consumer appreciates the sense of reward or return value for their ongoing purchase," he said

Brand Consistency

Those with an ability to stay afloat

Picture: Nicolette Scrooby

Avis is just one of SA brands that have remained loved throughout the years

By **Ciaran Ryan**

● An astonishing feature of the 2018 Top Brands survey is the staying power of the brands we have come to know and love: Avis in the car rental category, FNB in business banking, iPhone in the cellphone category, telecommunications firm Vodacom, Allan Gray in investments, Santam in short-term insurance and Discovery in medical aids.

What is it that propels these brands to the top of the log and keeps them there? In most cases, it is a simple message of warmth and reliability that strikes an emotional chord with customers. Avis stuck with its "We Try Harder" tagline for decades, turning its underdog status (to competitor Hertz) into one of the most memorable advertising campaigns in history. David&Goliath founder David Angelo says the slogan was an admission of its own shortcomings, conceived in 1962 when the company was going through a rough patch. More than a tagline, it came to define the company's business philosophy. Around this were crafted some brilliant advertising campaigns, many of them taking oblique swipes at Hertz – such as "Avis can't afford not to be nice".

In the car rental category, Avis remains unshakeable as brand leader for five years. Not to be ignored is Europcar, which has held the No. 2 brand spot to Avis for five years, building a brand around strong partnerships with companies such as Discovery Vitality, MTN, SAA and Kulula.

Talking of domestic airlines, Kulula and British Airways, both part of Comair, have swapped top brand positions for the last five years. Kulula's cheeky marketing campaigns – such as "The most South African Airways" – has cemented its image as a fun, no-frills airline, the perfect foil to SAA, with its ever lengthening list of corporate intrigues and gigantic financial losses. Comair has operated the British Airways regional and domestic franchise for more than a decade, recording profits in every single one of those years.

FNB's status as the top brand among business banks is unchallenged in five years, the result of a concerted push in recent years to build market share and take the lead in digital innovation with products such as eWallet eXtra. It was also voted as the "coolest banking brand" for the seventh consecutive year in the Sunday Times Generation Next 2018 survey. The awards just kept on coming, with The Banker magazine declaring it SA's most valuable banking brand in 2018. Investec has attracted some of the brightest minds in the financial sector, a crucial element in its brand growth. Now the asset management business, with R2,1-trillion in assets, is to be spun off, launching the next phase in its evolution.

While Absa enjoys high brand equity – it is the fourth most valuable brand in SA, according to Brand Finance – it lags its competitors in the Top Brands survey. The reimaging of the Absa brand earlier this year following Barclays' decision to sell down its equity holding in the local bank should bolster the bank's brand standing going forward. Absa had lost some of its edge, admits Dave Wingfield, Absa Group marketing head. "We took a long-term view of where we wanted to be in 10 or 15 years, and we did very extensive consultations with clients and staff. We have known for some time that we would have to be more digitally-enabled in dealing with customers."

Banks of the future will be predominantly virtual, and that means digital delivery must be a top priority. While Absa picked up some flak for its new brand and marketing campaign, experience suggests this is a normal teething problem for any rebranding exercise.

Standard Bank enters the table in third place, bumping Nedbank into 4th place.

Among business publications, Business Day has remained solidly in 1st place since 2014, consistently ahead of its peers in terms of index ratings. In second place is Sunday Times Business Times, followed by Mail & Guardian Business, and Business Report. Business Day is the country's journal of record, managing to cover key business and political events while canvassing a wide range of opinions – a creditable logistical undertaking at a time when advertising budgets are tight and resources stretched.

In the cars category, Mercedes Benz dislodged Toyota as the top brand for 2018, regaining the position it held since 2015. Notable mentions also go to Toyota, Audi and BMW, which continue to place near the top of the brand leagues. A decade ago, Mercedes looked tired as it took a back seat to Audi and BMW, but has bounced back in recent years with a keen focus on pure driving pleasure, wrapped in some attractive financing packages.

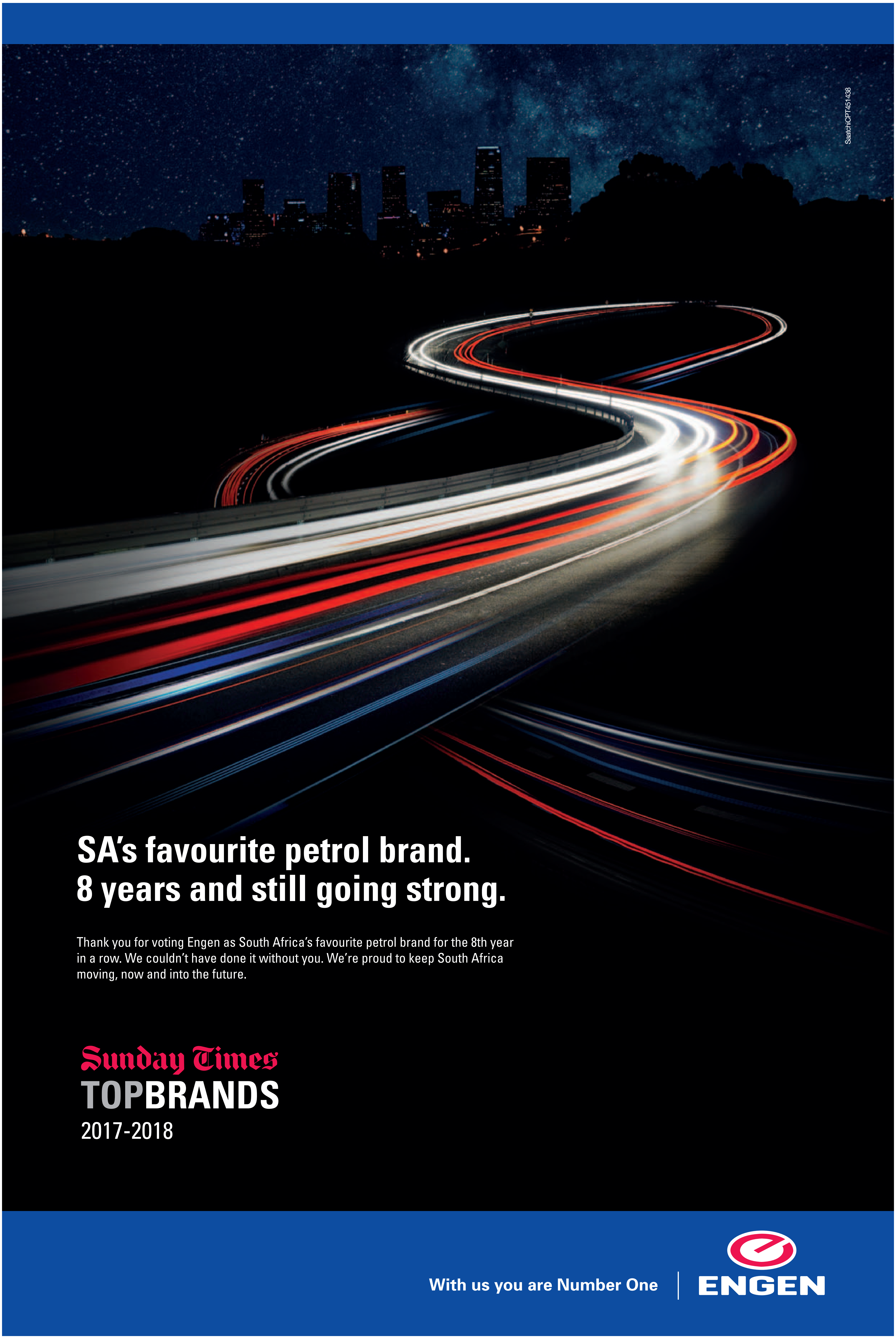
In the cellphone category, Apple's iPhone sweeps the boards for the third year running, followed by Samsung and Huawei. Apple invented the cellphone and iPhone has become part of the universal language of communication, such is the power and genius of its marketing. It has become a basic tool of life: a phone, game console, browser and companion rolled into one. The products are marketing tools in themselves: the Apple logo now almost as ubiquitous as Coca-Cola.

Samsung is no slouch in the brand sphere, out-selling Apple iPhones in 2017 by a tidy margin on the back of massive marketing and brand-building spend. Also soaring up the brand rankings is Chinese phone maker Huawei, which is steadily gaining a reputation for innovation, robustness and affordability.

Among the medical aids, Discovery has held top spot in the brand rankings for more than five years, followed by Momentum.

Among short-term insurers, Santam is the undisputed brand leader, with an estimated 22% market share and more than 1-million policyholders. Vodacom is undisputed brand leader in the telco category, a position it has held consistently for the better part of two decades. First to market with 2G technology , then 3G, the current 4G, and soon-to-be-launched 5G, the group has set the technology bar the industry.

MTN, for all its reported troubles with regulators in Nigeria, has been an astonishing South African success story, with operations spread across Africa and the Middle East. In the telco brand category, it has trailed Vodacom in SA, one reason being that its marketing ad brand spread is stretched across more countries and regulatory jurisdictions.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