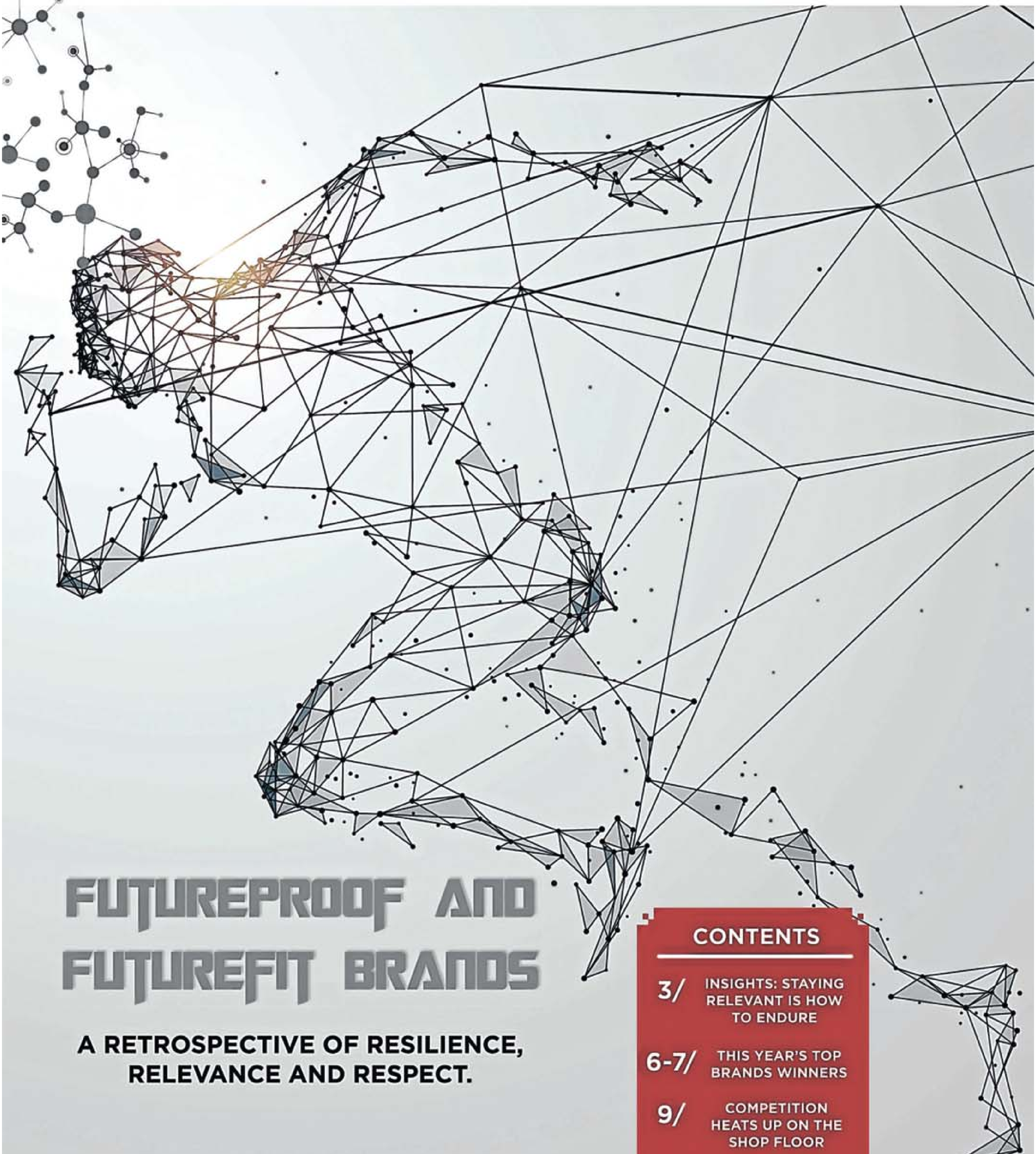
Sunday Times TOP BRANDS 2020

10 YEAR RETROSPECTIVE

2010 - 2019



FUTUREPROOF AND FUTUREFIT BRANDS

A RETROSPECTIVE OF RESILIENCE, RELEVANCE AND RESPECT.

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KANTAR

Sunday Times

Top Brands

The qualities that create success

Purpose and consistency are essential to winning the trust of consumers

By LYNETTE DICEY


Mpume Ngobese, the MD of Joe Public United Johannesburg.


Paula Sartini, the CEO of BrandQuantum.


Ivan Moroke, the SA CEO of Kantar's insights division.


FM AdFocus jury chair Tumi Rabanye.

What makes for a top brand? For marketers around the world, it's the million-dollar question.

A top brand, says advertising agency Joe Public United Johannesburg MD, Mpume Ngobese, is one that stands head and shoulders above its contenders in its category – and this is a consequence of multiplied actions.

Top brands, she believes, share three essential qualities. First and foremost, it's about having a clear purpose, a reason why they exist.

"People don't buy what brands do, they buy into their purpose, into the why they are doing what they do and delivering on that purpose," she says.

Second, "Brands that deliver what they say they will to their employees and their consumers are well on their way towards becoming top brands."

Third, consistency in communication and consistent delivery and experience are key. "Consistency is delivered through a combination of various brand-building constituents, including the brand's identity (brand mark or logo), visual language (colour, typography and imagery, for example), tone of voice and personality, as well as the experience it brings to a consumer via its product or service," says Ngobese.

Customer experience expert BrandQuantum CEO Paula Sartini agrees that brand experience plays an important role in creating brand equity or brand value. "Brands develop from the continuous interactions between the propositions made by companies and the customer experiences resulting from the encounters with these propositions or offerings.

"In other words, when 'promises made' result in 'promises kept', positive brand value is created," she says.

From a phenomenological perspective, Sartini explains, any interaction creates an experience for a customer, whether an organisation is in the business of experiential offerings or not.

Since brands emerge from the continuous interaction with customers, regardless of intention, organisations must focus on customers' experiences and the interactions that deliver on the brand proposition if they want to create brand value. The gap between leading or top brands and trailers, Sartini maintains, is often as a result of the practical disconnect between functional teams who are responsible for managing the brand and the teams that are responsible for devising the interactions through which customers experience the brand.

Ivan Moroke, the SA CEO of Kantar's insights division, defines a top brand as one that meets consumers' functional and emotional needs, stands out and is trend-setting.

Most successful brands, he adds, have greater clarity around what the brand stands for, both in the consumer's mind as well as internally.

They show up consistently because they have true brand purpose at the core of their business that aims to make people's lives better.

"The biggest discriminator of resilience and growth in difficult times is difference: creating a distinct territory, owning an occasion or offering a wider ecosystem of benefits is the strongest route to growth both now and in the future," he says.

Moroke stresses, however, that any difference must be meaningful and functionally or emotionally attractive to consumers.

At the same time it's important to have a finger on the changing context people are living in as well as an intimate understanding of their needs – and then addressing this without compromising on the essence of the brand.

What makes for a top brand, says marketing communications strategist and the 2020 FM AdFocus jury chair Tumi Rabanye, is growth, consistency, innovation, creative distinction and purpose.

More than ever before, she says, leading brands combine digital aptitude with purposefulness, as this enables emotionally intelligent responsiveness.

"At no other time has being grounded been more essential; top brands recognise that they exist for their connectedness, service, inclusiveness and even collaboration with their market.

A top brand leverages these human qualities for the mutual benefit of their shareholders and the markets they serve," Rabanye says.

Methodology

How the winning brands are selected

The favourite brands in a decade are chosen after careful consideration of certain features and qualities

In the Top Brands Through the Decade project, we celebrate the enduring brands that have stood the test of time and have been loved by consumers for the past 10 years.

The project has made use of data from the annual Top Brands studies between 2010 and 2019 to achieve this goal. We considered two segments (business and consumer), which were analysed separately.

Based on the following six pillars, we arrived at scores and awards which determined the brands that have excelled over the past decade:

- Average score of the brand;
- Ranking of the brand;
- Competition in the category;
- Percentile of all brands;
- Gap to competition; and
- Trend longevity of the brand.

The following scores were used to determine the award recipients:

- Average index score: The average index scores of the brand per category across the years that the brand appeared in the category.
- Rank measure: The average rank of the brand per category across the number of years that the brand appeared in the category.
- Competitiveness measure: The average of the index score of the brand minus the median index score per category across the number of years that the brand appeared in the category.
- Total score: A composite score created using proportions of the three measures mentioned above, the magnitude of which was determined using principal component analysis.
- Overall growth: the relative change in the index score comparing a brand's latest Top Brands appearance to its earliest appearance.


Shramik Misra from Kantar.

- Year-on-year growth: The increase or decrease in the index score from one year to the next.

Using these scores, we were able to present awards to outstanding brands in the business and consumer categories. These are:

- Still growing award – Brands that always had positive year-on-year growth between 2010 and 2019.
- Most growth award – The brand that has shown the most overall growth from its initial appearance to its final appearance.
- Best brand per category award – The best brand within a category.
- Best brand overall award – The best brand across all categories.

For the following two awards, the data was first split into two sets, an old set (data from 2010 to 2016) and a new set (data from 2017 to 2019). The scores between these two sets were then compared to arrive at the following awards.

- Best climber award – The brand that has moved up the rankings the most between our old and new datasets.
- Top 10 entrants – A brand which had been placed out of the Top 10 in the old dataset that has managed to move into the Top 10 of the new dataset.

As categories varied each year, only selected categories were considered for the Top Brands Through the Decade Project.

Brands or certain years' worth of data pertaining to a brand were excluded in line with the following considerations:

- If the usership for a brand was low within a category for any specific year, the data for the brand in that year was excluded from our analysis.
- If a brand appeared in a category fewer than four times between 2010 and 2019, it was excluded from the analysis.
- For the best climber and Top 10 Entrants awards, a brand would have had to appear in a category at least four times between 2010 and 2016 and at least three times between 2017 and 2019 to qualify.
- If a brand appears in multiple categories, only the appearance with the highest total score is considered for awards across categories. This rule was also applied to past versions of the Top Brands studies.

Who will be the enduring winners, the fastest risers, and the icons of SA brand-building? Look out for our results – celebrating the winners and sharing the learnings on what it takes to build a great brand that stands the test of time.

Insight

Staying relevant is how to endure

Brands that keep their ears to the ground are best able to serve their customers

By **MARCIA KLEIN**

The events of 2020 have led many people to completely change how they buy, use and view products and services.

These changes have been brought about by the rapid expansion of ecommerce, the sudden decline in entire economic sectors like tourism and hospitality, and acute financial hardship under lockdown, which has forced people to rein in their spending and look for cheap products.

The result has been good for some brands and devastating for others.

While some brands have been the victim of circumstance, for the most part top brands continue to endure because they have spent years building awareness and gaining the trust of the people who buy and use them.

This year's Sunday Times Top Brands 2020 report celebrates the enduring brands and those that have continued to gain consumer awareness over the past 10 years. Brands that make sure they stay relevant become enduring brands, whether that's Coke, which originated in 1886, or Uber, which was launched in 2009. The experience of brands like Facebook in the recent past shows that even the endurance of some of the world's biggest brands can be put to the test if they fail to remain relevant and to retain the trust of consumers.

One of the most enduring brands, Coca-Cola, was the overall favourite with consumers in this year's Top Brands, while the favourite business brand was Vodacom.

This year Top Brands has introduced new categories to plot the growth of brands over the past decade.

Winners in these categories include LG, Huawei and Samsung, which all operate in sectors that continue to grow. Winners also include alcohol brands Flying Fish and Russian Bear, which have found a space among long-term players such as Johnnie Walker, Heineken and Castle.

In the business category, growing brand winners include Samsung, Mango and Safair. Brands endure because their owners invest heavily in building them, connecting with consumers and remaining relevant, says marketing strategy consultancy Yellowwood MD Refilwe Maluleke. There are exceptions, like perennial top brand Koo, for example, which remain prominent because they are pantry staples that consumers have seen and used all their lives.

Investing in a brand for a long period "also buys you forgiveness", Maluleke says.

This is especially pertinent when times are difficult or when something goes wrong, and these brands are generally better at bouncing back. This happened to Coke itself when it launched a new formulation in the 1980s and had to backtrack and apologise.

The same applies, for example, to MTN, which has been beset with scandals across the continent yet remains among the favourite brands. This bears testament to its continued focus on investment and delivering, says Maluleke.

This, she says, is a test of brand strength as brand "actions" have become increasingly important as the world has moved "from

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brand storytelling to brand doing".

During times like these strong brands talk a lot about connectivity with suppliers and customers, says Africa MD of brand valuation consultancy Brand Finance Jeremy Sampson.

"Yet many businesses are totally dislocated," he says, and are finding it difficult to adapt to what he calls "the global reset". Recently Brand Finance released its report on Africa's 150 most valuable brands. According to the report these brands could lose up to 12% of their value collectively from their January 1 valuation date due to the effects of the coronavirus crisis.

While Top Brands ranks Vodacom the best overall business brand and the top telecom provider in the consumer and business categories, ahead of MTN, Brand Finance values MTN as the continent's most valuable brand ($3.3bn) ahead of Vodacom ($2.1bn). Brand Finance says this reflects solid profits and impressive subscriber growth despite MTN being "squeezed from all sides" as apps like WhatsApp affect revenue, and challengers "offer comparable data services at below-market rates, leading to fierce price competition and decreasing margins".

The rise of challenger brands reflects the fast pace of change in society and technology. This is evident in Capitec winning the hearts of consumers after successfully challenging the big banks, WhatsApp becoming the preferred medium to communicate and Zoom making Skype obsolete. Brand loyalty is becoming an increasingly changeable thing in a rapidly changing world.

Previously, loyalty was easy to acquire through the traditional "brand funnel" of things like awareness, familiarity, consideration, preference, repeat usage and loyalty, says Maluleke. This has changed as the world has become more complex. It is no longer about heritage, tradition or people doing or buying what they have always done. "It is about always making sure you keep giving consumers reasons to choose you and about making sure you are tapping into the right emotions. Giving people those reasons and the ability to be part of the world they want to see, and being a part of what that looks like, is a powerful way to connect people emotionally to your brand – especially young people."

Coca-Cola is this year's overall top brand. Picture: www.coke.co.za

It is equally important "to make sure it's not hard to get to you", Maluleke says. "Physical availability is increasingly critical." She gives the example of Rent the Runway in the US, which helps ordinary people to connect with haute couture, get access to top brands and experience them without any barriers by renting designer clothing at a fraction of the price of the item.

For many brands, the barriers have been huge in 2020 as people changed the way they order, buy, receive and interact with brands. "My view is that this has not come out of nowhere," says Maluleke. "It is more a case of accelerating and deepening what has already been happening.

"The nonstop body blows of 2020 made us accelerate around a different way of working, with more flexibility, and has highlighted the importance of entrepreneurship."

What this means for brands is that those that have been able to be clear that they still have meaning in a world where different things have been prioritised and where the idea of connection has been reframed, are hitting the mark, she says. Young people are anxious about their futures, and are looking for time and spaces for meaningful human interaction. They also have not been able to have much fun. Brands that tap into this, or can play a facilitating role, are succeeding.

Maluleke cites Savannah as "doing an incredible job, keeping its brand fun and consistent and relevant for 2020", while brands like KFC continue to hit the mark, staying true to what they are and keeping the fun and energy going.

Globally, Nike continues to resonate with consumers as it plays an unapologetic role in raising awareness of social issues.

Looking ahead, one of the most important elements necessary for brands that want to endure is to make sure they allow young people to express themselves in ways that are not limiting, Maluleke says.

Converse is an example, staying true to street culture and remaining relevant by providing an expression for people who want to do things differently or be around others who subvert the norm.

Brands that are in sync with the ever-changing world are those that will endure.

Brand Loyalty

Making the money go further

Many companies innovate, create partnerships and add features to their programmes

By **MARCIA KLEIN**

Recent studies show that consumers are shifting their loyalty to certain brands as the pandemic continues, causing marketing departments to scramble to adjust how they connect with their audience, says Fortune magazine.

There are many reasons for this, including supply chain disruptions that have made some products unavailable, people tending to consolidate their shopping in a single large shop as they want to avoid making multiple store stops during the coronavirus pandemic, and the shift to private label and cheaper brands due to affordability issues.

Social media is also changing consumer loyalty as more and more people post reports of their good or bad experiences and influence others to do the same. Brand loyalty is about much more than loyalty programmes, but these programmes are often at the core of companies' efforts to draw customers in and retain their support.

The Sunday Times Top Brands 2020 report names Pick n Pay's Smart Shopper as the top loyalty programme, followed by Clicks ClubCard, Thank U (Edgars, CNA, Jet), Vodacom Rewards and Woolworths WRewards.

The Smart Shopper programme has drawn over 7-million active members since it was launched in 2011. It helped save South Africans more than R2.5bn over the past 12 months through discounts, combo deals, points and the new Smart Price promotion that gives instant savings when a customer swipes a card at checkout, according to John Bradshaw, retail executive: marketing at Pick n Pay. He says customers are looking for value and increasingly turning to loyalty programmes that will save them money and earn them cash back. This is evident in the 30% year-on-year growth in new Smart Shopper sign-ups over the past six months.

With so many loyalty programmes available at outlets that range from retail stores to coffee shops and hotels, an element of fatigue has crept in, as the benefits on some are relatively small while others are based on the premise of encouraging additional spending. This has prompted many companies to innovate, create partnerships and add features to their programmes.

Bradshaw says customers want simplicity, savings and rewards from a loyalty programme, "and innovation is particularly important to keep customers active and rewarded". At Pick n Pay these have included allowing customers to spend their points directly at tills, earn points outside stores through partners such as BP and TymeBank, get a free Daily Maverick by swiping their card, and join baby, wine, pet and coffee clubs for boosted points and deals.

Social media is influencing consumer loyalty. Picture: Timothy Tilley

Late to the party, Checkers launched its Xtra Savings rewards programme only in October 2019, but it is the fastest-growing programme of its kind in SA, according to the group, with 5-million members signed up who have received R1bn in savings and discounts. Following the Checkers success, the Shoprite Xtra Savings rewards programme was launched on October 12 this year and more than 2-million customers joined in the first week. The programmes are based on simplicity and transparency and there are no slow-earning points, tiers or levels.

Some companies base their programmes on repeat business, others on rewarding certain behaviours. But brand loyalty is far more complex. Fortune quotes consulting firm McKinsey as saying that in the US, "upward of 60% of consumers who tried a new behaviour plan to stick with it post-crisis". Equally, it says that many people try new things but often go back to the brands they know, love and trust.

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Service Stations

This time, not for vehicles

By **HERB PAYNE**

Estimates suggest that fuel consumption in SA may have plummeted by 60% in 24 hours once lockdown regulations came into force in March. Deserted city streets seemed post-apocalyptic as people were forced to stay at home, companies were temporarily closed and all interprovincial and unnecessary travel was strictly banned – people weren't even allowed out on the streets to exercise.

In this environment the country's fuel companies – whose brands are differentiated more on the basis of service and satisfaction than on strong price and product differences – shifted some of the emphasis from a smile and a windscreen clean at the pumps to service at community and humanitarian level.

While fuel demand dropped, there were niche sectors where the crisis actually led to an increase in demand. Sasol, which produces various speciality chemicals as well as fuel from coal for its service station network, experienced an almost 400% increase in demand for alcohol-based products essential for sanitisers.

Engen Petroleum, whose filling station brand (for the 10th consecutive time) emerged at the top of the list for service stations in the Sunday Times Top Brands 2020 report – ahead of BP, Shell, Total and Sasol – found itself facing a dilemma: on one hand high inventories and excessive production at its Durban refinery (which produces about 17% of the country's fuel), on the other the sudden projected slump in demand and a need to keep open more than 1,000 filling stations around the country, necessary to accommodate the needs of essential service providers.

The company immediately announced a controlled shutdown of the refinery, issuing reassurances that it believed the country's inland refineries would have sufficient capacity to meet national demand.

At the same time CEO Yusa' Hassan published an open letter assuring customers that all Engen's 1,000-plus service stations and convenience stores would remain operational and that the company would do all it could to accommodate the fuel needs of other essential services. In the event the refinery was reopened in May as lockdown restrictions were relaxed and motorists increasingly returned to the roads.

And while the industry manoeuvred quickly in response to the changing demands of the motoring public as its core business, it also responded in various ways to the rapidly developing humanitarian crisis.

BP SA said that through a partnership with the Solidarity Fund it donated about 300,000*l* of jet fuel for a cargo flight to collect PPE and medical supplies from China.

It and Engen, in separate arrangements, also worked with Gift of the Givers.

BP contributed to setting up mobile Covid-19 testing units and to procure testing kits in Port Elizabeth, when it was at the country's epicentre of the pandemic, while Engen contributed R2.5m worth of fuel and medical testing equipment for humanitarian relief.

In separate initiatives Engen also donated R1m worth of fuel to the health department for emergency response vehicles used by frontline health workers, and a group of Gauteng-based Engen fuel retailers delivered food parcels and other essential items to 4,000 needy families in the Diepsloot community, north of Johannesburg.

Alcohol

Centuries of tradition and taste

For some leading brands, age is a golden key

By **HERB PAYNE**

It is self-evident that any brand that has been around for two centuries and still commands a leading position in the market is here for the long haul. The question is: can and will that brand continue to change and evolve sufficiently to retain its leading status?

This year the Johnnie Walker Scotch whisky brand celebrates its 200th anniversary.

Enterprising grocer Johnnie Walker of Kilmarnock (Scotland) began selling blended (for quality control and consistency) Scotch whisky from his store in the year 1820.

The rest, as they say, is history. The Johnnie Walker brand has since marched around the world, leaving its indelible footprint on every continent.

It is clearly an approach that has paid off, with Johnnie Walker making it into first place in the consumer spirits category and third place in the business category of the Sunday Times Top Brands 2020 report. Ahead of it were Jameson Irish whiskey and Glenfiddich Scotch whisky. Glenmorangie and Chivas Regal were the other two in the top five in the business sample.

Johnnie Walker was placed third in the business category of the Sunday Times Top Brands.

The top brand, Jameson Irish whiskey, produced by the Irish Distillers, a subsidiary of the French drinks conglomerate Pernod Ricard, actually predates Johnnie Walker by about three decades.

It was started by Scottish lawyer John Jameson, who established a distillery in Dublin in 1780.

It is by far the bestselling Irish whiskey in the world; in 2019, annual sales passed 8-million cases and it is available in over 130 countries.

Blended Scotch whisky producer Chivas Regal — another brand in the Pernod Ricard stable — was established by an Aberdeen grocer, John Forrest, in 1801.

Single malt whisky producers Glenfiddich and Glenmorangie (a subsidiary of Louis Vuitton Moët Hennessy) are, by contrast, relative newcomers to the market, having only been established in 1886 and 1843 respectively. Glenfiddich, founded by a certain William Grant in the Glen of the River Fidich in Dufftown Scotland, today lays claim to being the world's bestselling single-malt whisky and also the most awarded at the International Spirits Challenge.

It is sold in 180 countries and accounts for about 35% of single malt sales.

In the case of Johnnie Walker the strength of the brand today hinges on several factors.

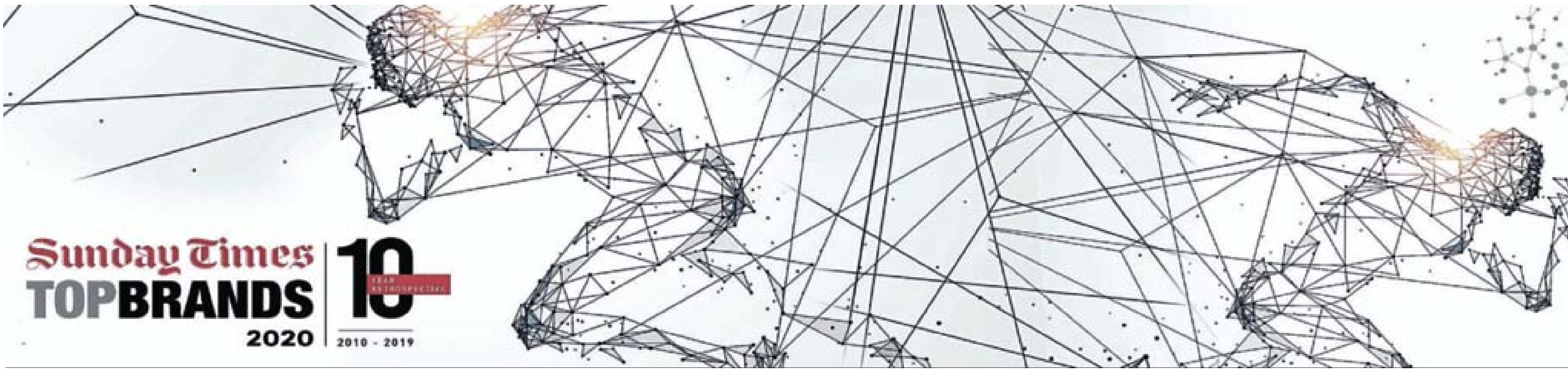
First, the product: the depth of flavour and the variety of styles of whiskies.

Next its tradition and reputation.

Then factors like cultural connections both globally and locally, commitment to progress and, tradition notwithstanding, the element of breaking the rules of whisky and, for example, changing whisky from "stirred down and brown to mixed tall and for all" — which contributes to the evolution of global spirits from generation to generation.

The organisation points out that during prenuptials, when families negotiate lobola, it has become common practice to have Johnnie Walker as a staple brand.

"What makes the brand special is how our consumers have taken ownership of the brand and allowed the brand to help tell their own unique stories," says Teboho Khaba, senior brand manager, Johnnie Walker SA.



CONSUMER SAMPLE

OVERALL FAVOURITE BRAND

Coca-Cola

BRAND WINS OVER THE DECADE CONSUMER

BRANDS THAT ARE STILL GROWING IN THE CATEGORY

Flying Fish
NIVEA
Russian Bear
Samsung

BEST CLIMBER OVERALL

Huawei

MOST GROWTH OVER THE DECADE

LG

BRANDS THAT HAVE ENTERED THE TOP 10 OVER THE DECADE

Vodacom
NIVEA
Heineken
Samsung
Shoprite

ALCOHOLIC SPIRITS

1	Johnnie Walker
2	Hennessy
3	Jameson
4	Amarula
5	Jack Daniel's

BEAUTY & COSMETICS

1	NIVEA
2	POND'S
3	Avon
4	Yardley
5	Revlon

BEERS

1	Heineken
2	Castle Lite
3	Carling Black Label
4	Castle Lager
5	Hansa

CARS

1	Mercedes-Benz
2	BMW
3	Toyota
4	Volkswagen
5	Audi

CELLPHONES

1	Nokia
2	Samsung
3	Apple iPhone
4	BlackBerry
5	Sony Ericsson

DOMESTIC AIRLINES

1	South African Airways
2	British Airways
3	Mango
4	kulula.com

ELECTRONIC GOODS

1	Samsung
2	LG
3	Sony
4	Panasonic
5	Telefunken

ESSENTIAL FOODS

1	Tastic
2	Albany
3	White Star
4	Fatti's & Moni's
5	SASKO

FAST-FOOD OUTLETS

1	KFC
2	Nando's
3	McDonald's
4	Debonairs Pizza
5	Steers

GROCERY STORES

1	Shoprite
2	Pick n Pay
3	Spar/KwikSpar/SuperSpar
4	Woolworths
5	Checkers/Checkers Hyper

LARGE KITCHEN APPLIANCES

1	Defy
2	Samsung
3	LG
4	Kelvinator
5	KIC

LONG-TERM INSURANCE

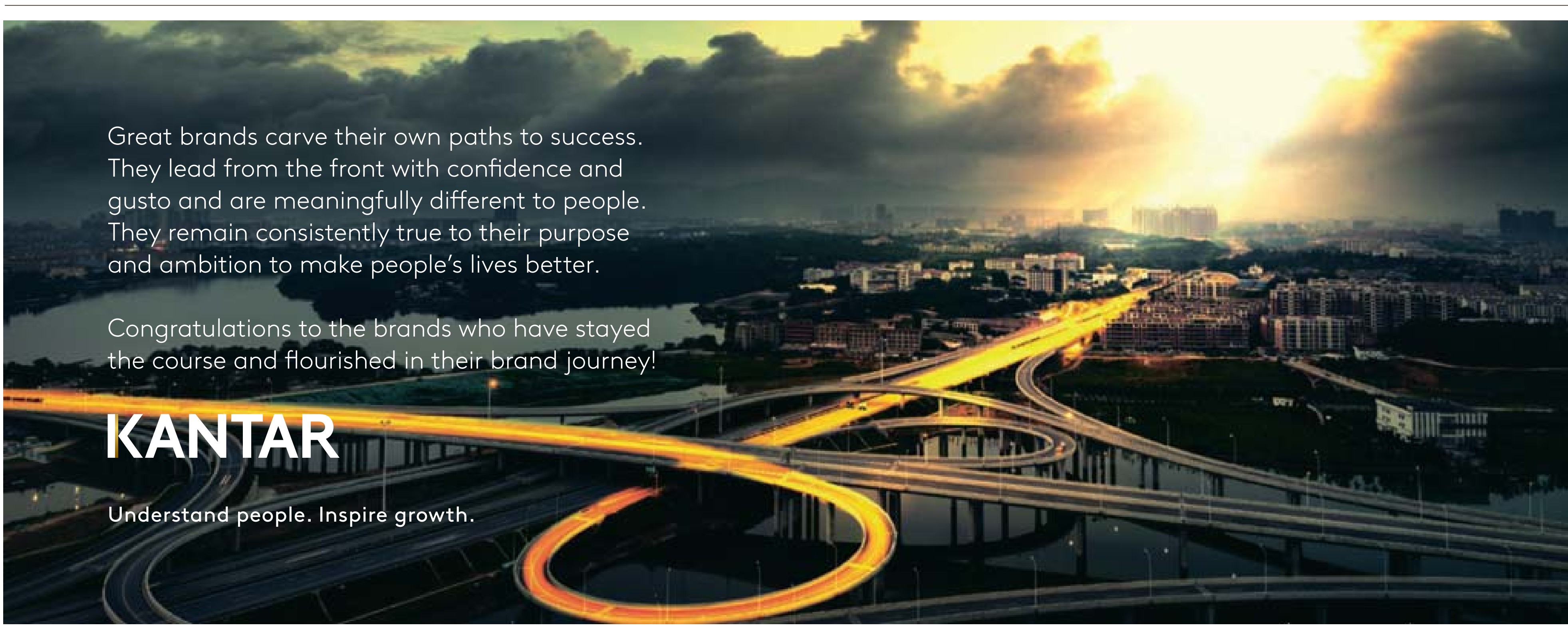
1	Old Mutual
2	Sanlam
3	Metropolitan Life
4	AVBOB
5	Momentum Life

LOYALTY PROGRAMMES

1	Pick n Pay Smart Shopper
2	Clicks ClubCard
3	Thank U (Edgars, CNA, Jet)
4	Vodacom Rewards
5	Woolworths WRewards

NEWSPAPERS WEEKLY

1	Sunday Times
2	City Press
3	Soccer Laduma
4	Sunday Sun
5	Sunday World



PERSONAL CARE

1	Vaseline
2	Protex
3	NIVEA
4	Dettol
5	Ingram's

PETROL STATIONS

1	Engen
2	BP
3	Shell
4	Total
5	Sasol

SHORT-TERM INSURANCE

1	OUTsurance
2	Santam
3	Hollard
4	Absa idirect
5	AA Insurance

SIT-DOWN RESTAURANTS

1	Spur
2	Wimpy
3	Mugg & Bean
4	Ocean Basket
5	News Cafe

SOFT DRINKS

1	Coca-Cola
2	Sprite
3	Fanta
4	Stoney Ginger Beer
5	Appletiser

TELECOMS PROVIDERS

1	Vodacom
2	MTN
3	Cell C
4	Telkom Mobile
5	Telkom

TINNED FOODS

1	Koo
2	Lucky Star
3	All Gold
4	Bull Brand
5	Glenryck

BUSINESS SAMPLE

OVERALL FAVOURITE BRAND

Vodacom

BRAND WINS OVER THE DECADE BUSINESS

BRANDS THAT ARE STILL GROWING IN THE CATEGORY

Safair

BEST CLIMBER OVERALL

Mango
Samsung

MOST GROWTH OVER THE DECADE

Samsung

BRANDS THAT HAVE ENTERED THE TOP 10 OVER THE DECADE

Santam
Samsung

CAR HIRE

1	Avis
2	Europcar
3	Budget
4	Hertz
5	Tempest Car Hire

CELLPHONES

1	Apple iPhone
2	Samsung
3	Nokia
4	BlackBerry

DOMESTIC AIRLINES

1	British Airways
2	kulula.com
3	South African Airways
4	Safair
5	Mango

INVESTMENT COMPANIES

1	Allan Gray
2	Investec
3	Old Mutual
4	Momentum
5	Liberty

LONG-TERM INSURANCE

1	Discovery Life
2	Liberty
3	Old Mutual
4	Sanlam
5	Momentum

MEDICAL AID

1	Discovery Health Medical Scheme

ALCOHOL

1	Jameson
2	Glenfiddich
3	Johnnie Walker
4	Glenmorangie
5	Chivas Regal

BUSINESS MEDIA & PRINT

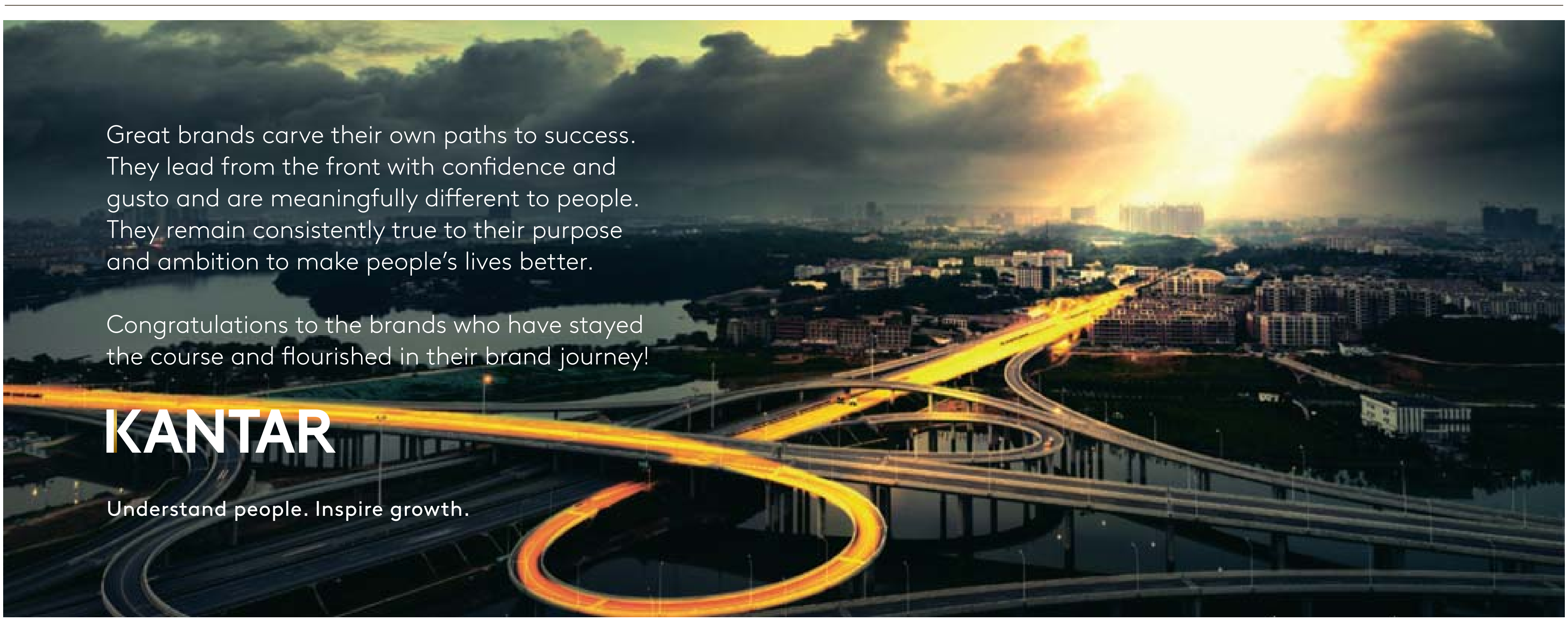
1	Business Day
2	Sunday Times - Business Times
3	Mail & Guardian - Business
4	Business Report
5	Sake24

SHORT-TERM INSURANCE

1	Santam
2	OUTsurance
3	Old Mutual Insure
4	Hollard
5	Alexander Forbes

TELECOMS PROVIDERS

1	Vodacom
2	MTN
3	Telkom
4	Cell C
5	Telkom Business



Medical Aids

Innovation for an uncertain time

Covid-19 disrupted typical supply-and-demand patterns, which demanded a response

By **LYNETTE DICEY**

From a brand perspective Discovery Health has long ticked all the right boxes. Since its inception in 1992 the company has been guided by a clear core purpose: to make people healthier and to enhance and protect their lives.

This purpose is manifested in the company's Vitality Shared-Value insurance model, which is active in 24 markets and has over 20-million members. In SA, the Discovery Health Medical Scheme (DHMS) is the largest open medical scheme, offering 23 benefit options designed to cater for a range of affordability and health-care needs.

DHMS was rated the top medical aid in the business category of this year's Sunday Times Top Brands 2020 report, while its insurance arm, Discovery Life, came out on top in the long-term insurance category.

Discovery was recently ranked No 20 in Brand Finance's list of the 150 most valuable African brands and came ninth in its list of the strongest brands on the African continent.

What continues to drive the company's success is its investment in its brand, its data-driven approach and its innovative engagement with the local market, says Maria Petousis, executive of Target Group Index (TGI) at research firm Ask Afrika. TGI is a single-source probability survey that measures products, brands, attitudes and media habits across SA. Discovery came out on top in the private health insurance category as well as the medical aid category in its 2020/2021 Ask Afrika Icon Brands Survey.

Discovery Health has responded to the Covid-19 pandemic by making a significant investment in a more patient-centred ecosystem.

"We have closely followed and analysed the local and global trajectory of the pandemic, and have identified a tipping point for health-care consumers to have access to health care differently, revealing opportunities for greater efficiencies in the future," says Discovery Health CEO Ryan Noach.

He says four dominant trends are now shaping the health-care industry. First, the Covid-19 pandemic has disrupted typical health-care utilisation patterns and created a discontinuity in health-care services.

Second, a global focus on patient-centric care is driving demand for improved quality of care and health-care outcomes. Third, providers and consumers are increasingly leveraging digital health-care services and big data capabilities to deliver better health-care outcomes, and do it more efficiently. Last, in a time of great economic uncertainty there is a need to focus on broadening the affordability and accessibility of health care to as many people as possible.

These, says Noach, are the tenets that have underpinned Discovery Health's response to the pandemic and the current health-care landscape as a whole. "Covid-19 has demonstrated the need for companies to innovate quickly in a short time, with the demand for digital health-care services, in particular, rising significantly.

"We have maintained a rapid pace of innovation across the scheme's value chain, and regularly lead the market with new technologies, tools and benefits to offer better value, greater quality and an enhanced member experience."

DHMS was the only open medical scheme in SA to freeze contribution increases for members for the first half of 2021. Medical schemes have traditionally increased their member contribution fees in excess of inflation. Last year prices increased by an average of more than 8%.

"Each year we strive for the lowest possible contribution increase," says Noach. "This year we experienced a discontinuity in the usual health-care utilisation patterns, and consequently we expect a medical inflation impact of 0% for the first half of 2021. Though there has been increased demand for health-care services related to Covid-19, there was also a concomitant marked reduction in the usual health-care utilisation patterns as members cancelled elective surgeries, reduced the number of discretionary medical admissions and did not undergo preventive health-care and wellness checks."

The net effect of this has been a reduction in the total claims received by Discovery Health, resulting in a marked increase in scheme reserves, Roach adds.

Ryan Noach: the trajectory of the pandemic was analysed.

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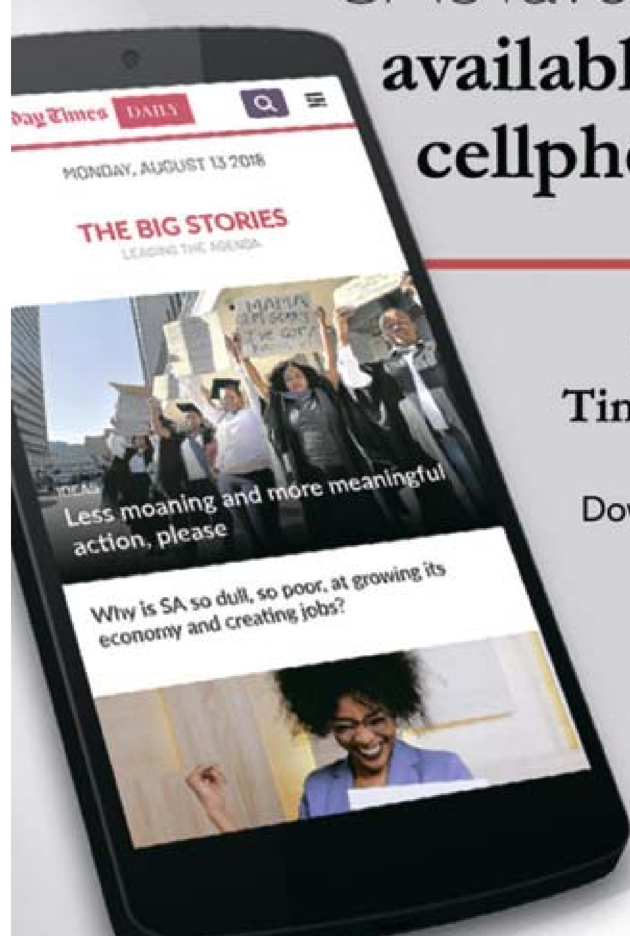

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Retail

Competition heats up on the shop floor

The lockdown was for some firms a double-edged sword

By **MARCIA KLEIN**

In the highly competitive retail space, where customers are increasingly demanding about convenience and price, retaining customer loyalty is everything.

This sector is characterised by intense competition between major players for market share as high-income customers demand both more convenience and top-end products and low-income customers become increasingly price sensitive.

Shoprite continues to lead the Top Brands grocery category, followed by Pick n Pay, Spar, Woolworths and Checkers.

Competition between these companies, which dominate SA's retail space, is fierce. While Checkers has been encroaching on Woolworths' territory by going upmarket, Woolworths has just announced it will make its food more affordable, a move which may invade its major competitors' space.

Most of the major retailers are also focusing on opening smaller store formats to grab any inch of market share they can.

These tactical moves are all taking place in what some analysts consider to be a mature and overtraded market, given the size of SA's population, as well as its economy, which continues to impoverish its people, thereby making groceries increasingly unaffordable and forcing consumers to look for value.

In this context, it is not surprising that Shoprite, which caters for low- and middle-income shoppers, is the preferred retailer according to the Sunday Times Top Brands 2020 report.

Retailers have had a busy and tumultuous year. In nongrocery retail, the decline of Edcon, which owned well-known and respected brands, and the demise of many independent retail stores during the lockdown, have completely disrupted the industry.

Checkers has been encroaching on Woolworths' territory by going upmarket.

The lockdown has been a double-edged sword for the big grocery retailers. While they were among the only sectors able to stay open and trade for much of the time, they were faced with stock shortages due to people hoarding as well as supply chain bottlenecks, workers contracting coronavirus, the application of crowd-limiting and sanitary measures and the ramping up of online shopping. Their high-growth liquor outlets remained closed for much of the year.

Lockdown challenges took a toll on Pick n Pay, which last month reported a 56.3% decline in comparable headline earnings in the six months to August, saying trading restrictions resulted in an estimated R2.8bn in lost sales while it spent R150m protecting staff and customers. Nevertheless, food, grocery and general sales grew fairly strongly and online activity exploded. CEO Richard Brasher says online sales grew by more than 100% and there was a 200% growth in active online customers.

The Shoprite Group (including Shoprite, Checkers and Usave) fared better, reporting a 16.6% increase in adjusted headline earnings in the year to June. CEO Pieter Engelbrecht says SA sales growth was good, as the group continued with its strategy to take market share through Checkers, which has incrementally repositioned itself to the upmarket FreshX format.

Shoprite says consumer appetite for online grocery shopping has been much bigger than expected, and one-stop shopping also accelerated, with customers making bigger purchases at a single supermarket.

Innovations include the Xtra Savings loyalty cards and the Sixty60 online shopping app, which became well-known brands within months.

The group's Usave brand, which sells low-priced products in previously underserved and rural communities, has a Usave eKasi container-store format with a limited range of the most essential food, operating where it was previously not viable. During lockdown, Shoprite rolled out eKasi truck stores to take basic food and services to communities and people who could not travel.

As consumers continue to look for value, Woolworths recently announced a R1bn investment over the next few years, of which about R750m will go towards lowering food prices, including fresh chicken, groceries and household and personal-care products.

Shoprite and Pick n Pay are focusing on smaller and more accessible stores.

With the growth in online shopping and new formats and companies declaring their intention to enter their competitors' lanes, the fight for market share among grocery brands is likely to remain intense.

Innovation

Fast changes made to meet urgent needs

Covid-19 transformed the services some firms offered

By **MARCIA KLEIN**

Innovation took a giant leap forward this year as demand for online shopping surged and as some companies completely reinvented themselves when their business collapsed due to lockdown restrictions.

This was especially noticeable in the retail sector, where companies alert to the need to innovate switched on new products and services within days of the lockdown starting.

Online grocery service Bottles, which was launched in 2016 as an alcohol delivery app, repurposed itself as a grocery delivery service very soon after the alcohol ban was imposed. Since its move to groceries in March, the app has been downloaded more than 700,000 times, and it has more than 350,000 registered users. It made itself such a useful partner to Pick n Pay that the retailer bought it last month.

Checkers Sixty60 delivery bikes are now ubiquitous in certain suburbs of Johannesburg and Cape Town, but the service did not even exist until November 2019.

Computicket, whose business came to a halt on day one of lockdown, reinvented itself to sell virtual grocery vouchers, enabling people to make sure friends and family they were physically distanced from could get access to essential provisions.

Uber, which was not able to transport passengers during lockdown, started delivering essential items almost immediately and now has various services transporting people, products and parcels. Uber recently announced it was adding over-the-counter medicine to the growing number of things it transports, through a partnership with Medicare.

The best way to innovate is to anchor innovation to the consumer need you meet, and to find new and interesting categories to fulfil that need, says Yellowwood MD Refilwe Maluleke. Uber is all about transportation, so the switch from transporting people to transporting goods is not difficult to imagine and makes perfect sense, she says.

Where brands struggle is if they don't have a clear point of view of the thing around which they can innovate, she says. Once they know what that is, they can innovate into any category. For example, MTN is a telecom company, but its innovation derives from the philosophy that everyone deserves the benefit of a modern, connected life. Once that becomes the point around which to innovate, the company could move into financial services with MoMo mobile money accounts.

Retailers have also increasingly moved into financial services as an extension of the services to customers, who can do so much more than shop at their stores. They can pay accounts, buy airtime, collect Sassa grants and send and receive money.

> **Appetite for online grocery shopping far exceeded our expectations**

Many of the recent innovations were precipitated by the rapid evolution of online shopping.

Pick n Pay CEO Richard Brasher said that in the past seven months there had been a surge in demand for online groceries, sales growth more than doubled and there was a 200% increase in active customers.

A Shoprite group spokesperson says: "Consumer appetite for online grocery shopping far exceeded our expectations." Demand was heightened by the pandemic, and Checkers Sixty60 order volumes "skyrocketed", forcing the service to expand rapidly. Since being introduced in November last year, Sixty60 has become available from over 100 stores and will extend to more than 150 by year-end. Delivery in as little as 60 minutes and the delivery fee of just R35 has been largely responsible for more than 700,000 people downloading the app.

Part of its innovation included branding delivery vehicles, something many companies selling online don't do. Delivery vehicle branding "was designed to create a differentiated brand for Sixty60, while aligning to the established Checkers brand identity," the spokesperson said, and as delivery drivers are 100% dedicated to Checkers, "we own the experience and the branding". This visibility also makes customers aware that the service has arrived in their area.

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Vehicles

A plan for later, and for now

Volkswagen's T-Roc, which is soon to be launched.

The top motoring brands have all, to date, survived the economic devastation

By **HERB PAYNE**

The wheels fell off car sales in SA earlier this year, when the motor industry was broadsided by the devastating economic impact of the Covid-19 lockdown — and this came on top of an already declining market.

Michael Mabasa, CEO of the National Association of Automobile Manufacturers of SA, says sales have dropped by 33.4% (132,870 vehicles) in the year to date, and the industry expects the decline to be in the region of a staggering 30% for the year as a whole.

The good news is that all the country's top motoring brands have, to date, survived the lockdown devastation, and none of the manufacturers did so by cutting jobs.

Among those brands are Mercedes-Benz, BMW, Toyota, VW and Audi, which have emerged as the top five in the Sunday Times Top Brands 2020 report.

Mabasa points out that the industry had, in conjunction with government, last year agreed on an automotive industry master plan aimed at putting the brakes on the decline and reversing the downward trend.

"The intention was to take measures that would bring about an increase in production and sales overall as well as boost local production of vehicle parts," says Mabasa.

But as a short-term measure and a means of jumpstarting some slow recovery in sales, the industry has found itself asking the government to consider reducing the tax on new vehicles. Mabasa adds that the proposal has only just been made, so it is too early to say whether this lifeline will be extended to the industry.

Regardless of this, Mabasa says all the big players remain committed to staying in SA.

Brand consultant Andy Rice says that in the current recessionary environment the equity these companies have built up in their brands will stand them in good stead.

> **Experience shows sales may fall, but share of market remains constant**

"There are always cheaper alternatives in the market, but ... experience in previous downturns has shown that even at the luxury end of the market for brands like BMW and Mercedes-Benz, which might be considered particularly vulnerable, sales may fall, but market shares remain fairly constant."

It means in essence that these companies will have to grit their teeth and keep on doing what they have found works.

In the case of Mercedes-Benz, it's projecting an image encapsulated in the statement that its cars are more than machines, they "make you feel" through its craft of automobile making.

The BMW brand may recognise its competitors in the luxury market, but says its customers stay with it because of its long history of leading innovation and competitive pricing. In contrast, Toyota, which initially built its brand on reliability and "everything going right", now places much greater emphasis on durability — 80% of its vehicles last at least 20 years — and on resale value, safety and innovation.

Volkswagen Group SA sales and marketing director Mike Glendinning says the company has developed over 70 years in SA and is now regarded by most people as more South African than German.

He adds that the strength of the brand is its appeal across all demographics, and that it boasts a car for each stage of a customer's life.

Glendinning concedes that, like many brands, VW has been heavily affected by Covid-19. "People are keeping their cars longer or buying down to smaller cars. This has, however, not stopped Volkswagen from adding new products to its model range," he says. This includes the expansion of the SUV range with models like the T-Cross, Tiguan and Allspace, as well as the T-Roc, which is soon to be launched.

Car Hire

A heart to help the needy

Service for customers is the focus for these rental firms

By **HERB PAYNE**

Your plane touches down after your sleepless night on a flight from Europe. You are irritable, your luggage takes an age to arrive on the conveyor belt, and after that customs and immigration officials are less than welcoming. The last thing you want is a long, weary wait at the car-hire cluster where you go to collect an affordable but good car to complete your journey.

If you booked a car it's important for you to know that your keys are waiting there and so is the car you ordered, fully fuelled and ready to go. If you are going on spec you still don't want to wait too long for service.

Service is the name of the game, particularly in these challenging economic times, for the leading companies that make up the top five in the Sunday Times Top Brands 2020 car-hire category.

Heading the list is Avis, followed by Europcar (formerly Imperial Car Hire), and then Budget, Hertz and Tempest Car Hire.

While Avis may have originated in Detroit, in the heart of the US motor industry, where it started shortly after World War 2, its SA roots go back to Bloemfontein in 1967 with the establishment of Zeda Car Rental and Tours. This firm was soon taken over by a Sanlam group company, which then entered into a joint venture agreement with Avis Rent A Car Systems Incorporated.

It is a brand that has endured. It lives by the premise that "people are more important than cars" and, in keeping with this, is proud of the fact that it offers a helping hand to those in need, assisting with community upliftment and reducing its impact on the environment. It claims to have been the first car-hire company in the country to become carbon neutral.

Europcar began in SA about 40 years ago as Imperial Car Rental, which linked up with Europcar in 2009. It claims not only to be a member of the world's largest car-rental network, but says that it now also controls about a third of the SA car-rental market and consistently invests in new infrastructure and facilities to ensure that it is able to offer world-class, state-of-the-art services to all its business and leisure car-rental customers.

Avis Rent A Car.

Europcar SA chief commercial officer Martin Lydall says the strength of the organisation's brand hinges not on price, even in these tough economic times, but rather on service. "It is a very tough culture, because you can imagine that many people regard car rental as a commodity whereas we think of ourselves as a service business, and part of that is how you make people feel," says Lydall.

One indication of the success of this policy is the company's level of customer retention. Some have been customers for almost 40 years, such as food retail chain Pick n Pay.

And the most popular cars for hire? Lydall says: "The most popular ... that's what we refer to as a group D, which is one step up from an entry-level car. It is a manual vehicle usually, such as a VW Polo, a Hyundai i20 or a Toyota Yaris. But it has air conditioning, electric windows, airbags, ABS brakes, and Bluetooth connectivity to radio. So it's not luxury, but it has lots of features."

Telecommunications

New ways for a new era

By **HERB PAYNE**

Telkom, which until the mid-1990s operated a fixed-line monopoly over the SA telecommunications industry, will next year finally close down its now obsolete copper network, which formed the principal infrastructure for that monopoly, symbolically ending an era.

Today SA's telecom sector boasts one of the most advanced infrastructures on the continent. According to Henry Lancaster of BuddeComm, an international research consultancy that focuses on telecommunications, this has been brought about by "considerable investment from Telkom, Liquid Telecom South Africa, Broadband Infraco and municipal providers, as well as from mobile network operators, all aimed at improving network capabilities".

The focus in recent years has been on a continued migration to fibre, backhaul capacity — transmitting a signal from a remote site or network to another site — and on fibre and LTE (high speed wireless communications technology) networks.

Lancaster adds that with the expected negative impact of Covid-19 on global production and supply chains, the telecom sector will probably to various degrees experience a downturn in mobile device production. Similarly, consumer spending on telecom services is likely to suffer the impact of pressure on disposable income. However, the crucial nature of telecom services, both for general communication and as a tool for home-working, will offset such pressures.

One focus area during the pandemic has been on providing digital platforms, including broad-based, high-quality connectivity (predominantly mobile connectivity) to facilitate across-the-board remote learning for schools, particularly in underserviced areas. The telecom service providers claim they are making great strides in this regard. Where they don't have the coverage, as in the case of Telkom, they achieve this through roaming agreements with other networks.

Leading the way are the companies that make up the top five in the Sunday Times Top Brands 2020 report's telecom category. Heading the list is Vodacom; on its heels is MTN, followed by Telkom, Cell C and Telkom Business.

MTN's experiences encapsulate some of the challenges faced by these organisations. A key issue has been the lack of appropriate spectrum availability. Corporate affairs executive Jacqui O'Sullivan says: "We are encouraged by the move by regulator Icasa to auction high-demand spectrum in March 2021. MTN believes the licensing of [this] spectrum remains crucial in facilitating the deployment of digital infrastructure to provide all South Africans with access to the economy and to bridge the digital divide."

O'Sullivan adds: "Africa should play an active role in the fourth industrial revolution, and a prerequisite for that is spectrum that will streamline a digital economy and lifestyle for the future."

MTN adds that in its own case it has built brand popularity by aligning itself with customer value. That means that building a high-performing network is at the heart of its strategy to enhance and transform its customer experience. It is for this reason that the mobile carrier has invested R50bn over the past five years to expand its 3G and LTE network footprint across the country.

MTN also recently launched 5G network in some towns across SA.

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