

The Times

2013
RETAIL
AWARDS

Sowetan

October 2013

○ INTRODUCTION

Bringing market insights into the open

Indispensable tool for both retailers and market analysts

DAVID JACKSON

The annual *The Times/Sowetan* Retail Awards have again set an industry benchmark for monitoring and evaluating retail patterns and trends where it matters the most – at the point of interface between retailers and consumers.

Says Trevor Ormerod, GM advertising revenue and strategic communications for Times Media: “We believe that investing in the businesses of these retailers is good business for us. Because of their sizable investment in our publications, we go out of our way to give back to them as much insightful research as possible.

“It’s critical for us – as well as for retailers – that we continue to monitor consumer trends, and what consumers’ thoughts and concerns are about retail brands and the consumer marketplace in general.”

Ormerod adds that Times Media makes a point of investing the necessary money to bring these market insights into the open, which are then packaged and presented to the retail survey participants.

“Our research indicates that those retailers which continue to invest heavily in marketing are reaping the dividends from their investment. In addition, retailers which are innovative and are not averse to trying a different approach in order to achieve a favourable outcome – and are putting consumers at the forefront of their business – are the ones which are emerging as the winners.”

Ormerod believes there are obvious synergies between the research platforms of *The Times/Sowetan* Retail Awards and the Top Brands Awards, hosted by sister publication the *Sunday Times*. “Essentially the leading players to emerge in both surveys are the ones which are prepared to put money into backing up their brands and marketing those brands – as well as into the insights of their consumers to find out, ultimately, what consumers want – which is the reason why these companies succeed in the retail space.

“Consumers are looking for quality and value for money. Also, more than ever before, it’s increasingly about sustainability and the amount of money being put behind ‘greening’ and environmentally friendly products, including products catering for people with special needs. It’s certainly not just about pricing any longer.”

He points out that *The Times/Sowetan* Retail Survey has also yielded its share of surprises and notable trend lines this year. For example, in a category that might have been presumed by some to be a relatively saturated market – men’s clothing – newcomers such as Studio 88 (ranked 8th) have seemingly come from nowhere to illustrate that “value for money without compromising on genuine quality” is a sure-fire winner for cash-strapped consumers.

Says Ormerod: “In our research, in conjunction with TNS, we look at both users and non-users. This outcome in the men’s clothing sector highlights the issue of why a sizable number of users appear to have changed their buying habits in favour of a new, vibey brand such as Studio 88 – and why this outlet is also being sanctioned, to a certain extent, by non-users. What have been the differentiating factors involved? This is typical of some of the changing dynamics we are seeing in the retail sector at large.”

He points out that an innovation introduced by Times Media in this year’s Retail Awards presentations is to hold separate strategic sessions with each of the major retailers, at which the survey findings and winners are presented to them individually. “This, in turn, has enabled us to obtain some valuable strategic insights from retailers, in order to strengthen our business relationship with these players and to better structure our strategic offerings to them.

“Each of these players has different strategic imperatives to implement, and these meetings have helped us to source appropriate strategic opportunities for each of these different sectors.

“We are constantly analysing the marketplace to see how we can innovate, in part-

Trevor Ormerod,
GM advertising
revenue and
strategic
communications
for Times Media



Pic: Jeremy Glan

We aim to match the strategic intent of the retailers with strategic opportunities from our different brands, to create a win-win situation

nership with the retailers. As a result, we are growing our relationships with them, as well as market share and revenue. We aim to match their strategic intent with strategic opportunities from our different brands, to create a win-win situation for all players.”

Adds Ormerod: “This, the 6th *The Times/Sowetan* Retail Awards, is the top-performing retail supplement in the South African marketplace – one that also gives consumers insights into how these retail players have performed and where they differentiate themselves from their competitors. It has become an indispensable tool for both retailers and market analysts.”

Shoprite remains true to its core brand proposition

page - 4

Soak up the Apple experience

page - 5

All the top retailers for 2013

page - 6

Studio 88 makes its presence felt

page - 9

TNS

○ METHODOLOGY

How it works

Extended questionnaire accommodates indepth attribute analysis

In 2013, *The Times/Sowetan* Retail Survey, in partnership with TNS South Africa, featured an extended questionnaire, to accommodate more indepth attribute analysis in all categories. The sample size was adjusted to accommodate this change.

To keep in line with consumer trends, the penetration of previously “metro only” categories was extended to non-metro areas too, to obtain a national read of all categories and retailers.

The approach looks at a retailer’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. Retailers used within a defined time period (this period differed for each category).
2. Retailers with which people were familiar enough to rate on a 10-point scale.
3. The actual rating of all of those retailers on a 10-point scale.

From this, an index score for each retailer is generated from three variables derived from the questions above: the actual usage of a retailer

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 retailer’s standing in both the market 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 retailer 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.

3. It is smaller but very well loved by its users and is strongly aspired to by its non-users.

Most retailers have a good sense of their relative size. The approach adopted by 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.

This is 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 user-ship and these two ratings’ data tells marketers much about their relative power in the mind vs their power in the market.

The sample represents all South African adults

This year the sample was enhanced by increasing the size of the non-metro sample. The total sample was 2 750 adults aged 18 years and over: there were 2 000 interviews in the metropolitan areas, and 750 in non-metropolitan areas of South Africa.

The final results have been weighted to represent the population according to StatsSA 2011 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.

This year, a spontaneous awareness question was also included for each category, to gauge which retailers are most top-of-mind for consumers.

– Debbie Booth, strategic planning and insights, TNS

○ ANALYSIS

Call. Browse. Buy

Smartphone usage set to boost online shopping

ALF JAMES

South Africans may be shopping online, but they have yet to make a significant move towards shopping via their mobile devices, according to the finding of MasterCard's third annual Online Shopping Survey.

A key finding from the study is that 91% of South Africans who shop online are highly satisfied with their overall experience, a four percentage point increase from the 87% who said likewise in the 2012 survey.

The study, which includes data from South African research company World Wide Worx and was prepared by Agility Research & Strategy, found that although South Africans are becoming more comfortable with shopping online using laptops and desktops, shopping using their mobile phones remains largely limited to buying smartphone applications and entertainment-related content. In South Africa, email remains the primary motivator for people going online, but more than half of the estimated 3.96 million citizens who are highly active online are, according to World Wide Worx, shopping online. The most active demographic segment is men aged 35 to 44.

Of the 93% of survey respondents who can access the Internet using their mobile phones, only 12% use their devices to make purchases, and the small percentage who are shopping online via their mobile phones bought low-value items such as mobile phone apps (45%), music downloads (26%), and tickets for cinemas and theatre performances (13%).

"It is anticipated that the advent of transactional apps and the rapid rise of smartphone usage in South Africa will have a significant impact on online shopping in the coming years," says Arthur Goldstuck, managing director of World Wide Worx.

"Mobile commerce is still in its infancy, but as it is made easier, and as users become more familiar with the concept, it will rise at the same rate as web-based online retail."

This is supported by findings from the 2012 study Internet Matters: The Quiet Engine of the South African Economy, by Goldstuck for World Wide Worx, which was commissioned by Google South Africa and revealed that the Internet economy contributes up to R59 billion (or 2%) to South Africa's gross domestic product (GDP). Moreover, this contribution is rising by around 0.1% a year, and will reach R79 billion by 2016, contributing up to 2.5% to South Africa's GDP.

The MasterCard Online Shopping Survey found that South Africans spent R3.3 billion shopping online in 2012, a figure that's expected to grow to R4.4 billion this year. But with more people having access to the Internet, the proportion of consumers who shop in this way decreased compared to 2011. The number of South Africans accessing the Internet to shop online is down 4% from the previous survey, with 54% of respondents saying that they usually use the Internet for shopping.

"While online shopping continues to be a regular Internet activity for more than half of South Africans who are actively online, there is

a slight shift downwards in their online purchasing behaviour, which could be attributed to the slowdown recorded in the economy during the survey period," says Philip Panaino, division president of MasterCard South Africa. "This is supported by the South African Reserve Bank noting, in its fourth-quarter review of 2012, that retail activity was disappointing, as consumer spending was negatively affected by a pickup in inflation."

An indication of South Africans' positive sentiment for online shopping is that 76% of respondents return to an online shopping site they have used before, and 74% felt it was both easy and convenient to make online purchases. These figures show slight increases – 2% and 1% respectively – when compared to the previous survey's results.

"There has been a rapid rise in the number of South Africans classified as active Internet users – those who fairly recently acquired regular access to the Internet – which means we are seeing a larger-than-ever base of users who have never shopped online before," says Goldstuck.

"These users add to South Africa's population of more experienced Internet users – those who have been online for five years or more – which has increased significantly from under 4 million in 2012 to around 4.6 million this year. This means that even as the amount spent online keeps rising steadily – at more than 30% a year, according to our data – the proportion of users shopping online is declining, which ties in with the decline MasterCard has recorded of active online shoppers here.

"The key, therefore, lies not in the total number of Internet users, but in the behaviour of the experienced users," notes Goldstuck.

"And as the new user base gains experience and confidence in online activities, their propensity to shop should convert into a regular online shopping habit."

South Africans were clear about what sways their online purchasing decisions, with 90% of respondents noting that secure payment facilities and convenient payment methods were the most important considerations when making an online purchase. Eighty-nine percent said that the price of the items to be purchased was a leading consideration, while 86% said that low or no extra charges for delivery or shipping played a role in the decision to shop online.

"As online shopping becomes more of the norm for consumers, online retailers must continue to be cognisant of the suggestions and feedback from their customers, so as to constantly improve their offerings and further enhance the overall online shopping experience," Panaino says.

The key lies not in the total number of Internet users, but in the behaviour of the experienced users

20 MOST VALUABLE US RETAIL BRANDS FOR 2013

2013 RANK	BRAND	2013 BRAND VALUE \$BN	% CHANGE (BRAND VALUE)
1	Walmart	\$141.0	1%
2	Target	\$25.0	7%
3	The Home Depot	\$22.9	4%
4	Amazon.com	\$18.6	46%
5	CVS/pharmacy	\$15.9	-8%
6	Coach	\$14.5	8%
7	Walgreens	\$14.4	-4%
8	Sam's Club	\$13.5	5%
9	eBay	\$19.9	12%
10	Nordstrom	\$10.1	7%

2013 RANK	BRAND	2013 BRAND VALUE \$BN	% CHANGE (BRAND VALUE)
11	Publix	\$9.9	9%
12	Lowe's	\$8.8	2%
13	Best Buy	\$8.0	-52%
14	Costco	\$7.3	14%
15	Dollar General	\$7.1	10%
16	Victoria Secret	\$6.1	11%
17	Kohl's	\$5.6	-5%
18	Staples	\$5.5	-7%
19	Tiffany & Co	\$5.1	15%
20	Avon	\$5.1	-4%

Transforming ordinary into the desirable

Walmart in a class of its own

dustry have four things in common:

- **Valuable retail brands monitor customers' changing needs.** In the race for relevance – that is, providing customers with a reason to choose a brand – the strongest relentlessly pursue knowledge about their consumers, and incorporate those insights into their everyday behaviour.

- **Leaders build a culture of efficient decision-making.** The pace of retail and customer expectations around speed continues to increase. To respond, executives need to build cultures, processes and systems that enable quick decisions.

- **It's understood that experience extends beyond the store.** Even the definition of retail is changing. "Retail" no longer refers to physical stores; it refers to the complete experience to products. Retailers witnessing big gains this year have committed to this holistic view of experience.

- **The best continuously optimise, scale and measure.** The need to move quickly can pressure retail leaders to abandon their commitment to the tasks aligned with optimisation, scaling and measurement. Across the top retailers, commitment to ongoing, meaningful measurement and refinement is clear.

"Outstanding retail brands, such as those on our list, are marked by their ability to transform the ordinary into the desirable," says Jez Frampton, Interbrand's global chief executive officer. "It is these exceptional brands that start new conversations, innovate new models and inspire us all to participate in the cultural experience we call shopping."

Comments Douglass de Villiers, group CEO at InterbrandSampson: "Africa as a retail space, with six of the top 10 fastest-growing global economies, is ripe for development, and a mouthwatering prospect for all those in mature and stagnant markets. Now is the time to take bold moves towards becoming global contenders".

– Jeremy Sampson, group executive chairman, Interbrand Sampson De Villiers

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Studio88 is a national retail chain in branded clothing and footwear

ANDREW GILLINGHAM

The way shoppers in South Africa shop is changing – shaped by socio-economic change, digital technology and customer expectations.

Michaela Murning, client director (shopper) at TNS, says that while emerging economies have traditionally lagged behind their more developed peers, in recent years the BRIC nations (Brazil, Russia, India and China) have entered the top 10 global markets and, as a result, there is a lot more money moving into developing markets; this is creating a burgeoning middle class, particularly in the Asia-Pacific region, but also in Latin America and South Africa.

“With this evolution comes a middle-class mindset, and growth in single households, as young people set up their own homes, and also single-parent households. This all combines to drive consumption, as there are more households, albeit smaller-sized ones,” she says.

These factors are also emphasising the need for convenience and time-efficiency, as single households have to do their own shopping.

Another strong trend is that there are many more women in the workplace, and their level of education is rising relative to their male colleagues. “Globally, women are achieving higher education levels than men, perhaps because men are often under pressure to start work sooner,” Murning says.

This serves to change the male/female roles; more men are shopping than ever before, particularly in western markets, and there is more female empowerment in regions such as Asia.

TREND

A power shift

Shopper expectations have changed

Murning believes many retailers might be missing the boat when it comes to tapping into the male shopper market, as much fast-moving consumer goods (FMCG) shopper marketing, for example, continues to target just women.

“A lot more men are buying the groceries, and retailers have an opportunity to communicate with them in a different way. If retailers and product producers talk to men and educate them on a category, men tend to become more involved and take pride in being seen as knowledgeable about that category and its brands,” she says. “Men are interested shoppers.”

While South Africa was spared at least some of the immediate economic stress arising from the global financial crisis, this year its impact has been felt. “Shoppers are not being extremely frugal, but they are prudent and focusing on their real needs.”

Murning emphasises that retailers which want to thrive need to understand shoppers better than they have ever done. There has been a real shift in power.

Not so long ago, the power was vested in the brands, and Mr Ford could safely tell people that they could have any colour Ford motor car they wanted, as long as it was black.

Then the power moved to the retailers, as they focused on stocking the products that sold quickest so

Today's shoppers are more convenience-oriented, and they are increasingly looking for a pleasant shopping experience when they step into a store

they could maximise the earning power of every square metre in their stores.

But now, the digital era is bringing with it more informed shoppers, who are able to quickly and accurately decide what they want, compare prices or determine availability with the click of a mouse button.

“Shoppers have the power in today's world, and retailers that recognise and act on this shift are the winners. Shoppers no longer have to physically visit five different shops to find what they want or check prices; they can spend a few minutes online making comparisons.

“The path to purchase (the journey from wanting to buy an item to actually purchasing it) is no longer linear, and less is under the control of the retailer. In the shopping planning phase, there are many more sources with which shoppers inter-



Pic: ThinkStock.com

act, including word of mouth, online sources and stores.

“There are now many more points of influence before the customer sets foot in the store in which he or she makes the final purchase,” Murning says.

In the past, retailers knew the products shoppers price-checked, and they made sure they were competitive on those items. However, today that strategy is less effective, as shoppers have the ability to quickly check prices on a far wider selection of goods.

“Retailers that offer real value across a basket of goods are the ones that continue to attract feet into their stores.”

Shopper expectations have also evolved in recent years, along with people's lifestyles. Today's shoppers are more convenience-oriented, as there are more demands on their time, and they are increasingly looking for a pleasant shopping experience when they step into a store.

“Customer expectations of what they want, in terms of delivery, from retailers have changed with the growth of online information search and shopping,” Murning says.

While online shopping in South Africa accounts for only 1% of total retail, online stores, product comparison sites and manufacturer brand sites have become a favoured method of “information search” for many high-price items.

“We also see a trend of shoppers going in-store and ‘showrooming’ – seeing what is on offer, trying it out and deciding what they want – then going online for the actual purchase.

“When consumers walk into a store, they want more of an experience. The message from shoppers is clear: ‘Don't just lay out the products on the shelf; make it worth my while and enjoyable to come to your store.’ And they want to make the most of the time out shopping.”

Shopper expectations emphasise that price is not the sole criteria; they are interested in the overall value-mix retailers offer. “Customers are looking for a balance of value, quality and retailer trust, assurance that the retailer is selecting products with care.

“Successful retailers recognise and act on their understanding that shopper expectations of shopping and retail have changed, and they strive to be the preferred shopping destination in the categories they offer,” Murning says.

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ALF JAMES

○ GRAND PRIX

Shoprite is the largest retailer in Africa by turnover, market share, market capitalisation, number of customers and number of employees, according to marketing director Neil Schreuder.

This success is reflected in the retailer winning the Grand Prix category by a handsome margin of 10 points over second-placed Pick n Pay, which was an improvement of four points on its winning margin last year.

Edgars moves up one place to third, while Clicks drops one place to fourth. Spar is a big mover, improving four places from last year's ninth spot to place fifth this year; reinforcing the strength of the Spar brand is Tops at Spar, which comes in at number 10 as the only liquor retailer.

Schreuder says Shoprite has a very simple philosophy: to bring customers lower prices they can trust on their basic food and household requirements.

"The Shoprite brand's positioning is built on its commitment to 'lower prices that you can trust always'. We aim to ensure that South Africans from all walks of life can afford to have their food needs met, regardless of their income level. Grocery-shoppers literally interact with the brand every week, and consumers can feel the difference at the till when buying their weekly groceries," he says.

"Price is critically important to Shoprite's core market, since food makes up a significantly larger proportion of their disposable income than for more affluent consumers, and the cost of food directly impacts

○ GRAND PRIX

Transcending time and trends

'Everyday low prices' remains Shoprite's core brand proposition

We aim to ensure that South Africans from all walks of life can afford to have their food needs met, regardless of their income level

on the quality of their daily lives."

Schreuder contends that Shoprite's corporate philosophy is built on continuously looking for ways to do business more cost-efficiently, ultimately resulting in savings for consumers.

"This principle of consistent and sustained price leadership has entrenched its price perception for over 40 years. It has always worked hard at running a low-cost business model, and with an early move into centralised distribution, Shoprite has ensured that it can deliver products to its consumers with the utmost efficiency. Shoprite puts customers first in that it will remain the cheapest supermarket in South Africa, even at the expense of earnings growth."

Core to the success of Spar, according to CEO Wayne Hook, is the group's unique business model that places independent entrepreneurs at the forefront of its brand.



"Spar stores are owned and operated by independent retailers who are very passionate about providing great customer service, and a shopping experience customised to the needs of their community."

Hook says loyal customers are the lifeblood of Spar's business. "Spar store owners know and understand that customer loyalty can be earned only through offering consistent value, great service and contributing positively to the communities in which they operate."

The Spar Group has enjoyed tremendous success. Hook reports that, on average, the group's turnover has doubled every five

years over the last 20 years.

Shoprite's Schreuder adds that with an aggressive expansion strategy in the rest of Africa, specifically in Nigeria and Angola, Shoprite's prospects for growth are bright.

"Shoprite has also developed extremely innovative mobile phone-based technologies, such as Eezi-Coupons, which offers customers more than R2 000 in instant grocery coupons on their cellphone, and also help Shoprite to understand customers' shopping preferences in more detail."

He believes listening to customers is critical, since consumer preferences and perceptions change at

breakneck pace, and the key is to innovate the offering and the advertising message to keep one step ahead of consumers' expectations and competitors' anticipations.

"Every marketing campaign is an opportunity to connect with current and potential shoppers, while reinforcing the brand's values. The core brand proposition of everyday low prices on the brands that consumers love, however, has transcended time and trends," Schreuder says.

It is no secret that consumers the world over are under pressure. "It is no different in South Africa, and we definitely see that consumers have less disposable income," notes Spar's Hook.

"As a business we are very focused on ensuring that we offer these consumers consistent great value and savings, and that if they choose to spend their hard-earned cash with us, we need to respect this by giving them a fantastic in-store experience."

Schreuder says economic conditions always play a role in the business environment, and with arduous times such as consumers have experienced in the last few years, price has become the ultimate criterion in store choice, especially in grocery retail, where the product overlap is significant between competitors.

"As long as Shoprite remains true to the promise of being the lowest-priced supermarket, consumers will remain true to Shoprite," he says.

WINNER'S CUP: A glass of something special to celebrate coming first.

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ANDREW GILLINGHAM

○ ELECTRONICS, COMPUTERS AND GADGETS

The Electronics, Computer and Gadget Stores category continues to be fiercely competitive, with several major brands vying for shoppers' top of mind.

This year HiFi Corporation took first place with shoppers, followed by Incredible Connection in second and Dionwired in third, as Apple's iStore surged into fourth.

RJ van Spaandonk, executive director at Core Group (Apple's South African distributor and reseller), says staff have remained a key iStore focus for the past 10 years. "Providing people with good service is a major opportunity."

"When people come into an iStore, they are probably going to part with a lot of money; the experience needs to be one in which they feel they have been given the right advice, and that no one pressured them just to make a sale. We are not about selling, but rather about making people want to buy."

An iStore is an Apple premium reseller that adheres to a format determined by Apple, and follows the same format as Apple's own stores. The very open store layout incorporates specialist islands devoted to each of Apple's products, which also serve to emphasise the synergy between each of the items in the Apple family.

The fact that iStores stock only Apple products means there are no other competing brands, allowing staff to focus on providing knowledgeable service.

Both staff training and compensation play important roles, Van Spaandonk says.

In many consumer electronics stores around the world, part of staff remuneration consists of kickbacks or a "spiv" from manufacturers to employees when they sell one of their products.

"This means that the salesperson is biased towards selling those products on which he

Soak up the experience

Apple surges into fourth, as HiFi Corporation takes the lead

gets the most split. We do not have this in our stores," he says. "We are not about shopping, but rather about giving people the opportunity to experience our brand, and we want to people to come back as often, and stay as long, as they wish. When someone buys an Apple product, we want them to be completely happy with that decision."

According to Van Spaandonk, this approach is so effective that loyal customers will often interject into conversations between store staff and other customers, sharing their Apple experiences and effectively selling the products.

This also fits with iStore's desire to nurture a friendly atmosphere of community within its stores.

"We hire people who have a very positive service attitude, and give them two weeks' intensive training, during which they learn about Apple's products, the brand's heritage and the company's philosophy."

"This is a huge investment, as we have over 200 people in our store network," Van Spaandonk says.

Apple has recognised that technology is very personal, and people have become at least as passionate about their favoured technology brands as they are about motor cars. "Just as the cars people drive and the clothes they wear express who they are, so does the technology they choose to have with them every minute of the day."

While Apple is a brand to which people aspire, Van Spaandonk believes people should aspire to it for the right reasons.

"What people aspire to with Apple is a

seamless technology life, and our customers soon recognise this for themselves. Once they own one Apple product, they convert all of their personal electronics to Apple, and they want their family and friends to use Apple, because their technology life becomes so much easier," he says.

According to Debbie Booth, strategic insights and planning consultant at TNS, people are doing a lot more online research, and visiting specialist stores gain to product information and to experience the products. Shoppers will then make their purchases, not necessarily in the stores they visited to first see the products.

"Apple is very much an experiential brand and this has pushed the brand into the top ranking for the first time. However, shoppers are still going to the affordable, value-for-money stores to make their purchases," she says.

"Over the years, HiFi Corporation has built its presence in the market, and it continues to attract more customers. People see HiFi Corporation as being well-stocked, and offering good variety and choice. They have leveraged off their range and their ability offer a wide selection of brands, as well as value, in the context of what is relevant for the consumer."

Booth says Incredible Connection is perceived as offering good-quality products and a quality in-store experience, with lots of store staff available to help customers. "Technology is a very daunting purchase for many people, and good in-store staff help people to engage with the category," she notes.



RJ van Spaandonk, executive director at Core Group

Pic: Jeremy Glyn

What people aspire to with the Apple brand is a seamless technology life



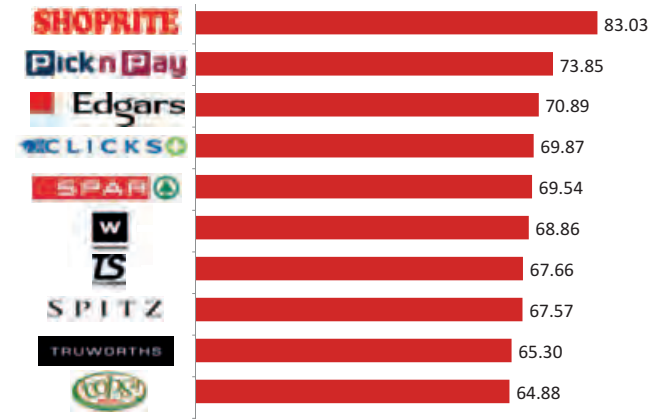
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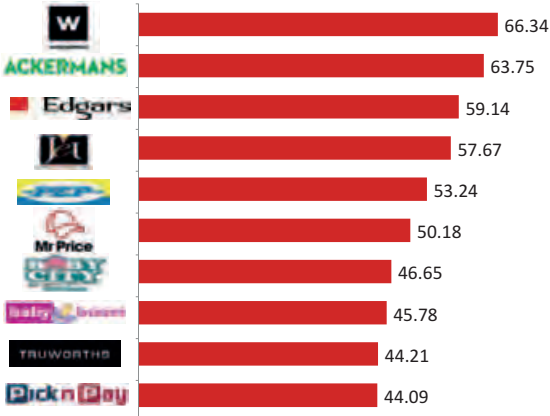
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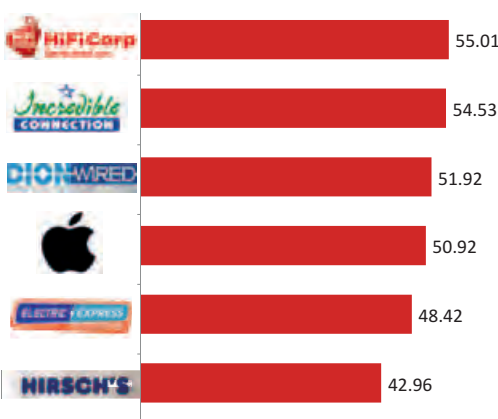
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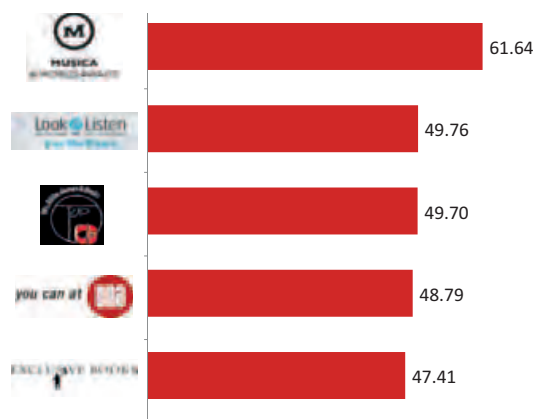
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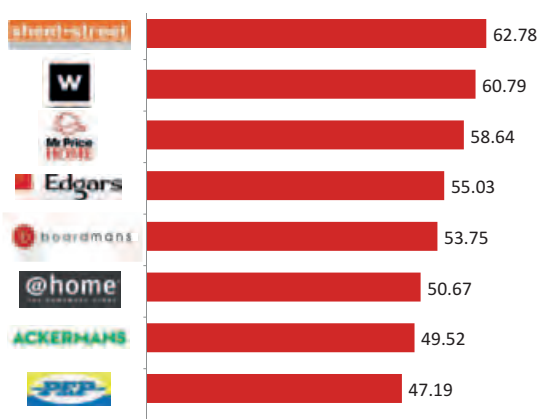
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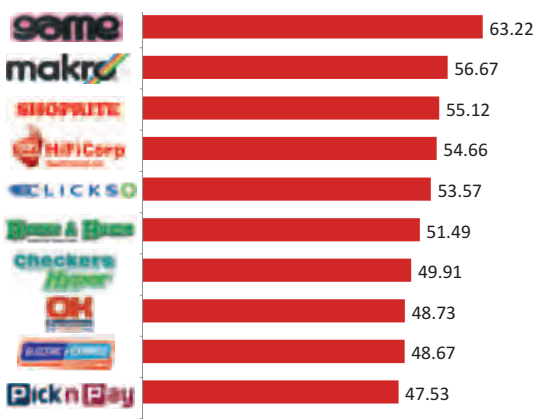
ENTERTAINMENT STORES



HOME ACCESSORIES AND DÉCOR STORES



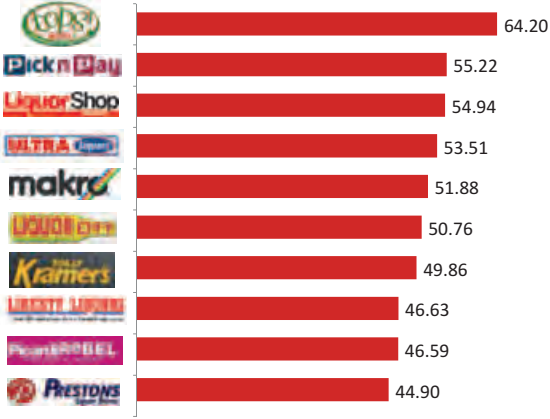
HOUSEHOLD APPLIANCES



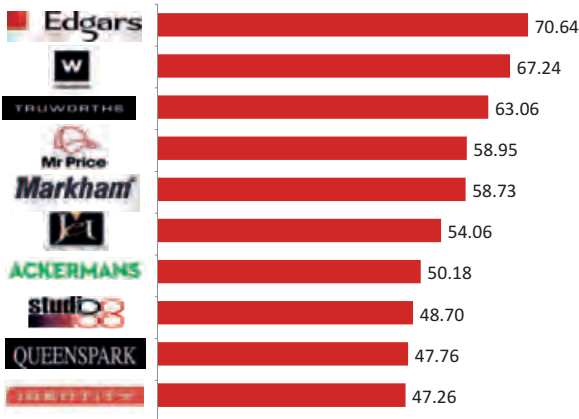
JEWELLERY STORES



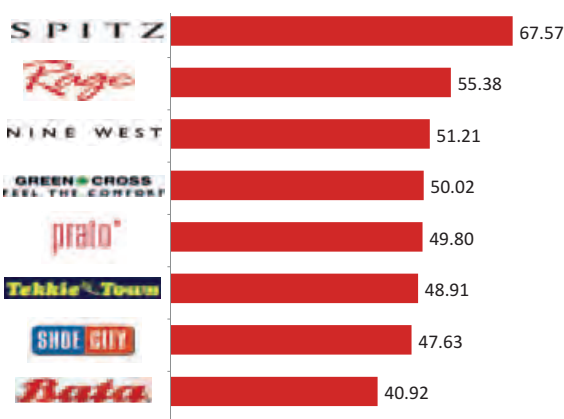
LIQUOR STORES



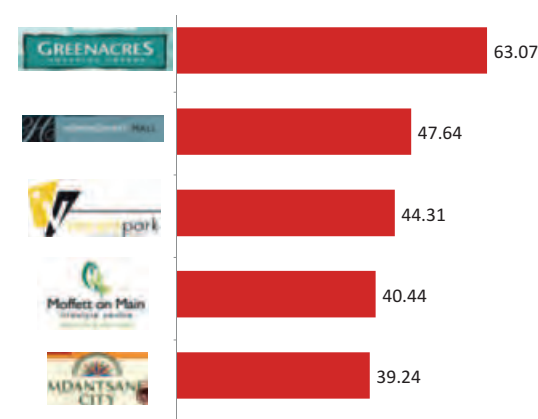
MEN'S CLOTHING STORES



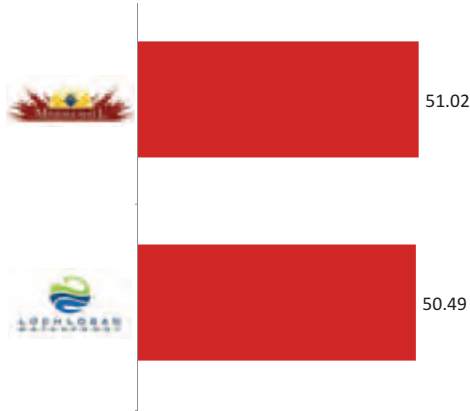
SHOE STORES



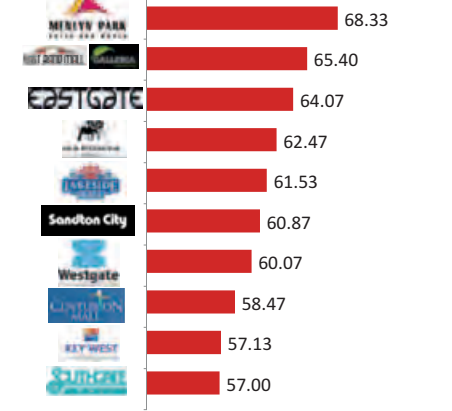
SHOPPING MALLS - EASTERN CAPE



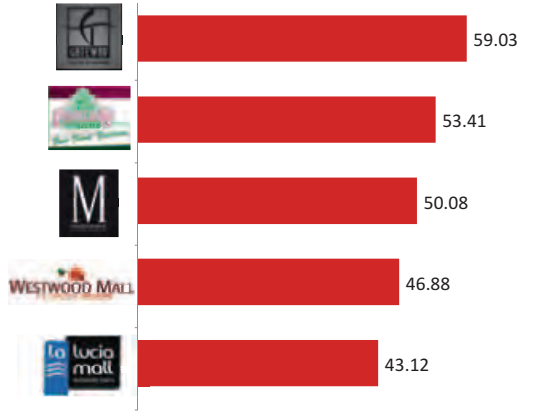
SHOPPING MALLS - FREE STATE



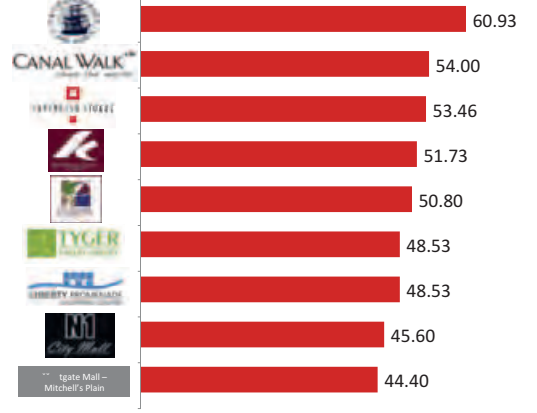
SHOPPING MALLS - GAUTENG



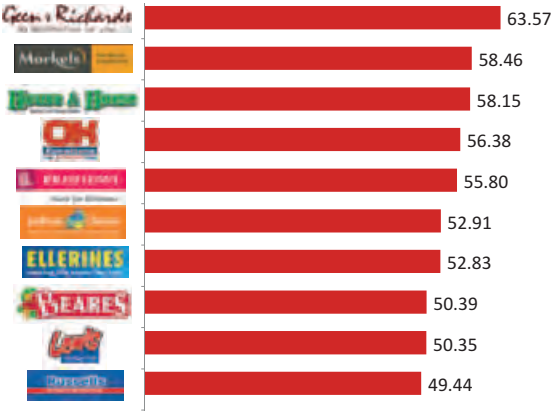
SHOPPING MALLS - KWAZULU-NATAL



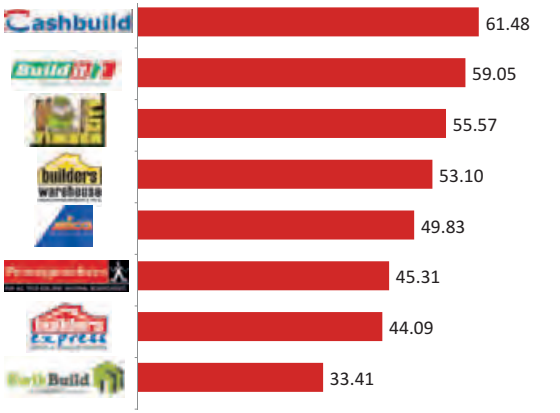
SHOPPING MALLS - WESTERN CAPE



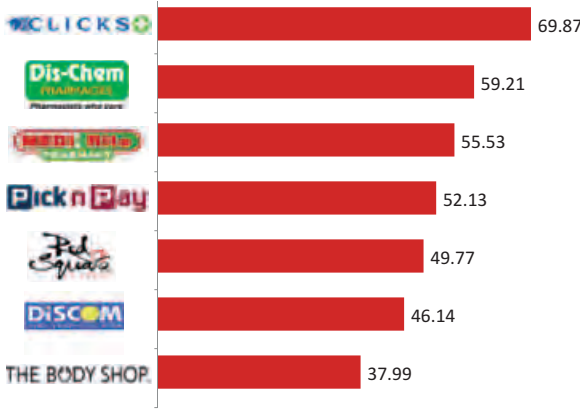
SPECIALIST FURNITURE STORES



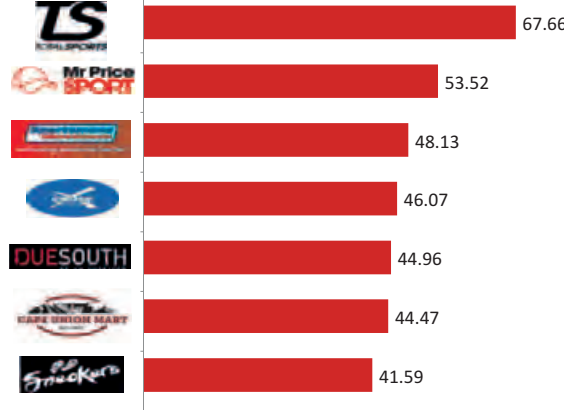
SPECIALIST HARDWARE OR BUILDING STORES



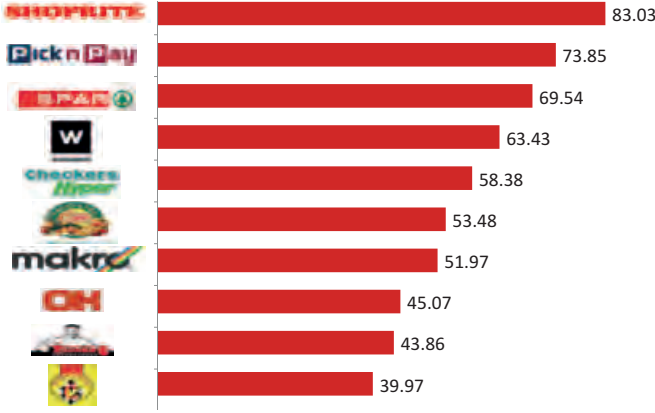
SPECIALIST HEALTH, BEAUTY AND PHARMACEUTICAL OUTLETS



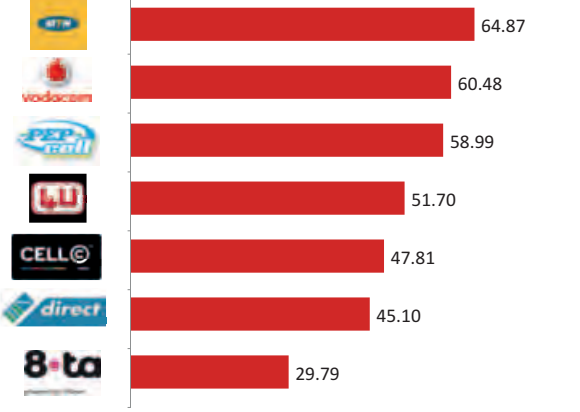
SPECIALIST SPORTS AND OUTDOOR STORES



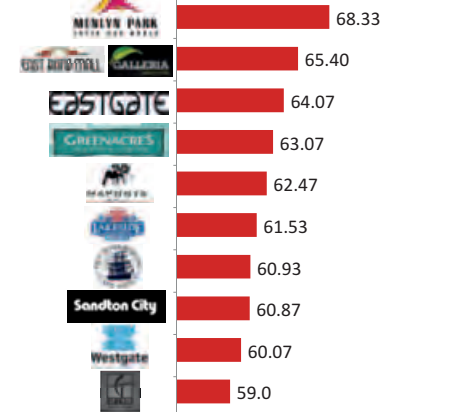
SUPERMARKETS AND HYPERMARKETS



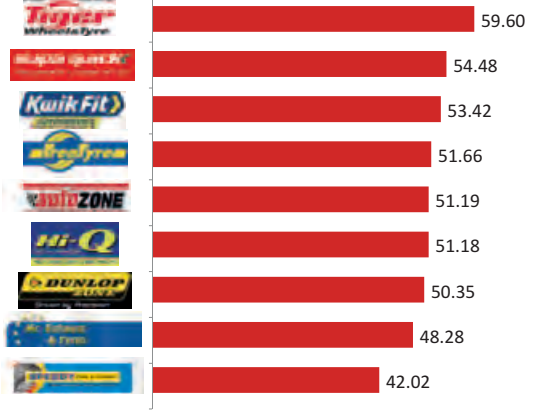
TELECOMMUNICATIONS STORES



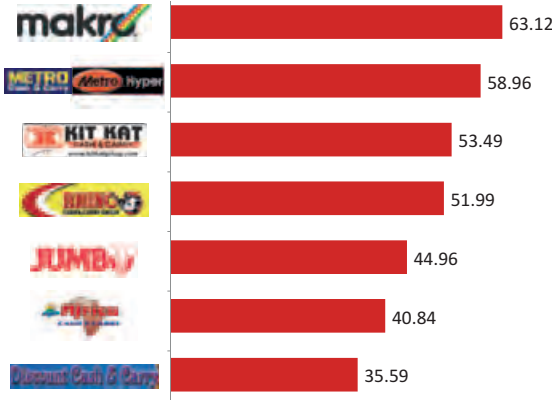
TOP SHOPPING CENTRES



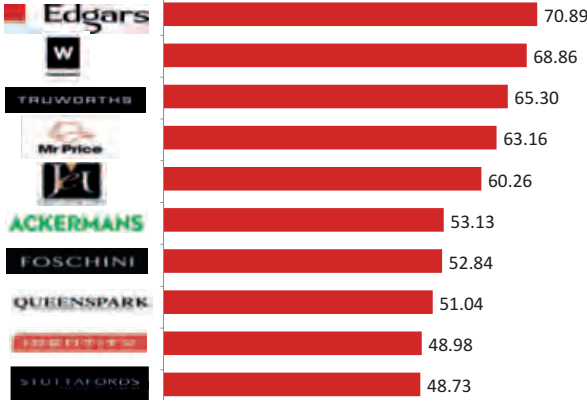
TYRE AND AUTO FITMENT CENTRES



WHOLESALE



WOMEN'S CLOTHING STORES





LIQUOR STORES

Power of the mother brand

Tops at Spar pulls ahead of the pack

ALF JAMES

The Liquor Stores category illustrates the strength of multichannel marketing in the South African retail sector, with the top three places going to the liquor divisions of major retailers – Spar, Pick n Pay and Shoprite – leveraging off their footprint, brand strength and convenience.

Tops at Spar improves on its winning margin last year, to lead by an impressive 8.98 points this year. Pick n Pay Liquor Stores climbs from third last year to second this year, swapping places with Shoprite's LiquorShop.

Tops stores, like Spar stores, have the advantage of being owner-managed, according to Mark Robinson, group liquor manager at the Spar group. "This is all backed up by the Spar group's system of distribution and retailer support," he says.

Wayne Hook, CEO of the Spar group, explains that store owners generally live in the communities that they serve, which leads to a better understanding of what their customers require.

"Over and above this, being part of the communities in which they operate also gives our retailers great insight into the needs of their communities, and by involving themselves in and contributing towards community causes, store owners build great loyalty to the Spar brand.

"It may sound like a cliché, but Spar is very much a family business. Many of our retailers are second and even third-generation Spar store owners. The Spar culture is focused on people, and there is an embedded understanding that we are not in the retail business serving people; we are in the people business serving food and liquor," says Hook.

Robinson reports that Tops stores have successfully grown ahead of the market for at least the last five years. Tops store numbers now stand at 572, and organic growth has been good.

However, he says the strength of the Spar brand is also critical to the strength of the Tops at Spar brand, which he adds is well known for being the fun and responsible liquor retailer.

He says Tops doesn't take its brand-building exercises lightly. "We successfully introduced the Tops 'Drinktionary' campaign some 18 months ago, giving Tops consumers a platform to engage with us. We have also launched the first retailer-driven responsible-drinking campaign, called 'Dryver', and we have just launched a new wine innovation called 'The Tops at Spar Wine Fundis', which helps to make wine shopping easier and more informed for our consumers."

Spar is not in the retail business serving people; we are in the people business serving food and liquor

Shoprite's LiquorShop is an extension of the supermarket mother brand, and thus adheres to the same business philosophy, according to marketing director Neil Schreuder.

"LiquorShop offers low prices on a comprehensive range of alcoholic beverages and accessories, in an easily accessible, world-class shopping environment. It specifically focuses on providing a safe, friendly and aspirational shopping experience.

"Shoprite LiquorShop benefits from the trust inherent in the supermarket brand, and the convenience of consumers purchasing their alcoholic beverages together with their groceries.

"The size of the group also ensures that the LiquorShop has immense bargaining power with suppliers, which allows it to deliver better prices."

In the current competitive market, it is vital that brands remain innovative and keep on investigating new avenues, Schreuder adds. Such an innovation from LiquorShop includes an endeavour under its own Private Barrel Company brand, where selected rare and small-batch whiskies are sourced from the world's best whisky producers and sold at a fraction of the original price.

Innovation from suppliers has seen an assortment of new products launched, flavour variants and different packaging sizes introduced, all in an effort to capture more market share.

Gavin Ievers, divisional manager of liquor at Pick n Pay, says the retailer currently has 247 liquor stores in South Africa.

He says Pick n Pay's brand is crucial to the success of Pick n Pay liquor stores, as the retailer has over 40 years' experience of serving its customers and putting them first.

"We are a trusted brand with a good reputation, and this generates customer loyalty, which we greatly value," says Ievers.

"We offer our customers convenience, range and good prices. Importantly, we are close to Pick n Pay grocery stores for added convenience, because we know our customers are often pressed for time.

"One of our big differentiators is our Smart Shopper loyalty programme, through which customers can earn Smart Shopper points and vouchers. Through Smart Shopper, we are able to communicate with our customers directly and understand what they really want, to tailor our offerings to them."

Ievers says the biggest challenges in the market are high rentals, the cost of liquor licence applications and variations in liquor sales regulations, which can impact on trading hours.



Pic: ThinkStock.com

SHOE STORES

Wear them with pride

Spitz gets the balance right between passion and quality

LINDA DOKE

We South Africans are serious about our shoes. What we wear on our feet says a lot about us, and the sexier, sleeker and snazzier the shoe, the more sophisticated we men and women look and feel.

Shoes can be emotive; they play on feelings of pride and pleasure, evoke feelings of sophistication and sensuality, power and play, and their shape, style and colour can speak volumes about the person wearing them.

This year's results in *The Times/Sowetan* Retail Survey reflect the passion South Africans have for luxury, quality shoes, with Spitz securing top spot for a second year running.

The Spitz brand message says it all: "Style is your way of saying who you are without having to say a word. Nothing compares to a beautifully crafted pair of shoes to make you feel fabulous."

Spitz comes out tops for quality, stock availability and selection. It wins the category with a very clear margin, the gap between it and second position being 12 index points – the largest differential among the top 10 places.

TNS client director on shopper research, Michaela Murning, says the research shows South Africans have a huge sense of pride in the shoes they wear, and that they place a great deal of importance in investing in quality shoes.

"Spitz seems to get the balance right: it taps into consumers' love of and pride in shoes, and it stocks a good selection of only high-quality brands."

In addition, Spitz gets it right with its offer of lay-byes, providing a way for less affluent shoppers to have access to its highly desirable shoe brands.

The research shows that other popular stores, such as Shoe City, Tekkie Town, Prato and Bata, rate highly for variety of choice and good value for money, and Green Cross, Nine West and Prato also feature

Shoes present people with a way of projecting their personal style, and a way in which they wish to be perceived by others

when it comes to stocking good-quality shoes.

"Yet the Spitz brand is well ahead of the pack – it remains the retailer that will always be recommended to friends, and which shoe shoppers who do and don't shop there will talk and hear about more than any of the other popular shoe stores," says Murning.

Spitz financial director Jas Naidoo says the company has been delivering premium product to South African consumers for more than 30 years. The company is as passionate about presenting quality shoes to customers as the shoppers are intent on buying them.

But what is it that sets Spitz apart from the rest?

"The product we sell makes us feel as proud as the customers do when they wear the shoes. We put a lot of research into the international brands we buy, and how we display and present them to the South African market. We import only high-quality shoes that will meet the needs of people looking for fashion, quality and durability, and who are not afraid to spend money on ensuring that standard," says Naidoo.

On the aspirational element of shoe buying, Naidoo believes nothing projects ambition and aspiration quite like a stylish pair of shoes.

"Shoes present people with a way of projecting their personal style, and a way in which they wish to be perceived by others. Wearing expensive shoes makes a person stand out from the crowd, and gives them a sense of unique identity," Naidoo says.

LINDA DOKE

WOMEN'S CLOTHING

Status and style

Edgars maintains a solid lead, rolling out more international brands

In South Africa, the apparel sector is led by a relatively small number of strong local retailers, the top four of which dominate both the men's and women's fashion categories.

With the challenging economic times of the past five years, South African consumers have had to tighten their belts. Retailers, in turn, have had to adjust their short-term strategies in line with the drop in consumer spending, and at the same time face rising raw-material costs and growing production costs in major source countries such as China and India.

But despite the economic squeeze, consumers still place great focus on aspirational needs, and for many, fashion goes a long way to easing the woes of a tightened budget. The widening availability of consumer credit from leading retailers, including store cards and six-month lay-by pay-off plans, plays a huge role in providing clothing shoppers with ac-

cess to fashion without the pressure of having to cut back or go without.

This year's *The Times/Sowetan* Retail Survey reveals that the Women's Clothing category remains stable, with the top five players secure in their same positions as in 2012. Edgars maintains a solid lead, with an index score that, although slightly lower than in 2012, remains two points ahead of its closest competitor, Woolworths. Truworths, Mr Price and Jet have widened the gap on the retailer in sixth position, Ackermans.

All of these players benefit from wide store networks across the country, strong private label ranges and ongoing attention to changing local consumer demands.

TNS Global associate director Shirley Jeffreys explains that while the ratings have seen a slight decline in the index score of Edgars, the company's customer ratings have improved. "Edgars remains the clear leader in the Women's and Men's Clothing categories. Consumers say the stores are well stocked, with a good variety of choice and good-quality merchandise – three fundamental areas of clothing retail. The company also offers customers interest-free credit for six months, which makes spending far easier and more accessible for consumers," says Jeffreys.

The slight decline in usage from 2012 is likely a result of the company's refurbishments in a large

number of stores across the country. Seventy-two of the company's 181 stores have undergone an upgrade, or are in the process of being upgraded, specifically focusing on the improvement of store fixtures, the optimisation of space allocation and layouts.

Increasingly aspirational consumer attitudes and the growing association between leading fashion brands and status have seen a steady boost in spending on clothing, both in South Africa and internationally. Bringing international labels to South Africans has been a huge boon for the top retailers, and Edgars recognises the importance of balancing its product offering between local and international labels.

Edgars GM for ladieswear, Tonia Zeher, says the company's product offering is integral to building customer loyalty.

"The new international brands we offer complement our own well-loved private label brands such as Kelso, Free2BU, Charter Club, Merien Hall and Penny C, to ensure that

our customers can find great fashion at affordable prices. We have done extensive work on our private label brands, including centralised procurement, increased direct sourcing and the implementation of quick response, all of which enables us to respond to key fashion styles.

"More recently, in response to customer trends, Edgars is in the process of rolling out even more international brands, mainly through the shop-in-shop concept, as well as through a limited number of mono-branded stores. Dune London, Tom Tailor, Lucky Brand, Mango, Forever New and Lipsy are some of our newest brands that are, or soon will be, available in selected stores across the country," says Zeher.

The launch of the Edgars in-store Thank U rewards programme has been an enormous success, securing over 10 million customers since its inception in February 2012, giving Edcon the largest retail customer base in South Africa. More than 70% of Edgars' sales use loyalty cards for purchases.

DAVID JACKSON

○ MEN'S CLOTHING

Studio 88 – making a surprise debut entry in the Men's Clothing category in this year's *The Times/Sowetan* Retail Survey – has been dubbed the “best-kept secret” in the retail clothing and footwear industry, given that its growth story has been largely under the radar until now.

The brainchild of entrepreneur and chairman Laurence Wernars, the company, a supplier of branded leisure and footwear, has grown to almost 150 stores since 2001. South Africa apart, Studio 88 stores are also located in Botswana, Namibia and Lesotho – with Zambia and Mozambique soon to join the fold.

Studio 88 (ironically placed at number 8) made it into the Top 10 at the first time of asking, replacing Dunn's, which was at No 10 last year.

Ivan Motlogeloa, director for new business development and public sector for TNS, believes the Studio 88 story can be summarised in five words: “accessible, affordable, authentic branded quality”.

He adds: “By removing key market barriers, it has made high-equity aspirational brands more accessible, and has made it easier for consumers to act on their brand preference desires.

“By stocking, and in some cases ‘introducing early’, some of the world's most sought-after sports and lifestyle brands, such as Nike, Adidas, Levi's, Guess and Converse, Studio 88 has managed to create its own urban-chic lifestyle story.”

Says Wernars: “Featuring in the top 10 of the Men's Clothing retailer

Open secret

Studio 88 makes its presence felt at No 8



Pic: ThinkStock.com

category assures us that we are on the right track, and serves as great encouragement to all of the management and staff alike.”

The operating ethos of the chain rests on four pillars: fashion, price, exclusivity and store environment. “Our customer is the young man-

about-town,” says Wernars, “who is fashion and brand-conscious, an avid sports fan, courageous, confident and very price-motivated.”

According to Wernars, the chain seasonally strategises with adidas, Nike and Puma to obtain exclusive development ranges. In this regard,

he adds, Studio 88 is one of three top retailers currently being supplied by leading brands such as adidas, Nike, Puma, Converse, Superga, Vans, Levi's, Guess, Soviet and Jockey, among others.

“Our strategy of passing on our buying advantages to our customers, and operating on a cash basis, affords our business the opportunity to retail at very competitive price points.”

Adds TNS's Motlogeloa: “The nature of the items that Studio 88 stocks also speaks volumes about its marketing savvy. By bringing in, for instance, FC Barcelona or Kaizer Chiefs' merchandise and sporting jerseys, it will undoubtedly remain relevant – and this will keep consumers in the stores.

“When you go there, you know what you can expect, thus making shopping less about searching and finding, and more about choosing and trying – a great strategy for getting consumers to spend more in the category.”

Wernars has also established a footwear chain called Side Step, which to date has 36 stores, and in 2012 purchased Skipper Bar, which has since grown to 50 stores in a year. Also new to the fold is Linea Italiana (DMD), stocking men's clothing, and Jelly Planet, a stockist of kids' branded clothing.

Last October, RMB Ventures, a private equity division of FirstRand Bank, acquired equity interest in the Studio Group, and its involvement is purely strategic, Wernars points out, with the group structure now operating under the company name Blue Falcon 188 Trading.

Elsewhere, it was “no change” from the 2012 survey results at the

very top of the Men's Clothing category, with the top spot being filled once again by Edgars, followed by runner-up Woolworths and Truworths in third place.

According to Motlogeloa, the Men's Clothing category grew marginally – from 57% usage in 2012 to 60% in 2013 – although last year's sample and findings did not cover the non-metro regions.

User and non-user ratings and averages also improved marginally compared to 2012, “perhaps indicating that overall satisfaction and appeal in the category was positive”, he says.

According to the TNS research findings, Woolworths' users were the most pleased with their brand; the company scored the highest brand user rating – 9.12 points on average out of a possible 10. Edgars (25%) and Mr Price (19%) had the two strongest usership percentages in the category.

At the other end of the scale, Queenspark had 1% penetration – the lowest – while the new kid on the block, Studio 88, enjoyed a 3% user share, with awareness at almost 60%.

**When you go there,
you know what you
can expect, thus
making shopping
less about searching
and finding, and
more about choosing
and trying**

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CASE STUDY

Mobile money: an African success story

Kenya's M-Pesa service has around 25% of the country's GNP flowing through it

DAVID JACKSON

M-Pesa ("mobile money" in Swahili) was developed in 2007 by Safaricom, Kenya's largest mobile network operator, as an innovative concept. Today Kenya leads the world with the highest penetration of mobile money users.

Explains Aggrey Maposa, regional director of TNS Connect for Africa, the Mediterranean and Middle East: "It's a simple-to-use service that is based on a technology that can work on any mobile phone, including phones with only the most basic features." This is important, he says, given the current low penetration of smartphones in the Kenyan market.

The M-Pesa system works very much like using a wallet, he observes. The cash is deposited into an account and registered on the system. When subscribers wish to effect payment for purchases made, they transfer funds from this virtual or electronic wallet by means of their mobile phone, using a personal pin code. The sender then receives an SMS message from the recipient confirming the payment.

Deals can be concluded in a matter of 30 seconds or so, Maposa notes – even faster than a conventional credit card transaction.

"It's a very efficient method of payment, and one that has been successful and popular, because it is

used by people who have been excluded, for a long time, from the formal financial services sector."

In so doing, Maposa explains, Safaricom was able to successfully commercialise the concept, ensuring that 78% of the Kenyan population now make use of it. The M-Pesa platform is now being replicated in other regions and countries, albeit with slightly varying technologies. Markets have opened up for this mobile money concept – offered by different network providers – in countries such as Uganda and Rwanda (through MTN Mobile Money), and in Zimbabwe (through EcoNet's EcoCash operation).

M-Pesa serves as an ideal system for users in countries such as Kenya, where only a minority of the population have access to formal bank accounts. According to Maposa, less than 25% of Kenyans had access to bank accounts before M-Pesa was introduced.

"M-Pesa is not only about convenience, but is actually a necessity, playing almost the same role that the mobile phone has played in providing people with communication, when fixed-line telephone networks failed to provide this service," he points out.

"M-Pesa also fits very well with the African culture of sharing. Traditionally, relatives, bothers and sons working in the city would often give money to bus conductors and drivers travelling to rural areas, to



The technology can work on any mobile phone, including phones with only the most basic features

pass on to their parents living out in the country. But now, M-Pesa enables family members to send this money electronically, without the risk of this money failing to reach its intended target. In this way, M-Pesa is a secure and quick method of enabling family members to meet their cultural or social obligations, and to have peace of mind in doing so."

While this technology is also available in South Africa, Maposa says,

South Africa does not have the same "push factors" driving the process. By comparison, South Africa has a relatively high proportion (estimated at more than 60%) of banked people.

Dr Sean McCoy, chairman of the Brand Council of South Africa, and CEO of strategic brand and communication design consultancy HKLM, argues that M-Pesa is "an undeniable East African success sto-

ry in pioneering an innovative opportunity that has ultimately become best practice in many respects, insofar as mobile banking is concerned."

Six years after its inception, M-Pesa is now used by some 17 million Kenyans, and around 25% of the country's gross national product flows through it.

Adds McCoy: "This suggests household penetration in excess of 70% of the Kenyan market, and a revenue flow in excess of \$1.3 trillion." Among the attributes for success of this definitive case study, he adds, is the aggressive rollout of retail agents.

"At the onset, this lagged substantial customer growth, but today amounts to five times the number of M-Pesa outlets than the total number of post offices, bank branches and ATMs – undoubtedly, retail distribution redefined.

"This magnitude of success has made it the most successful scheme of this type in the world. Its origins as a microfinance product rapidly transcended the world of full money-transfer services, and in the context of retail, it throws the channel and distribution discussion wide open. In this instance, the brand network of the bank as a money-transfer retail space has been thrown wide open.

"The role, relevance and power of the mobile device as a wallet in the retail space are undisputed, and clearly an essential part of a cashless, convenience-based and cost-effective consumer offering," he says.

HOME ACCESSORIES AND DÉCOR

See, touch and feel – then bring it on home

Sheet Street makes the savvy move to extend its range

ANDREW GILLINGHAM

People are taking a lot more time and effort to express their personalities and lifestyle choices through the manner in which they decorate and accessorise their homes, and this is opening up increasing opportunities for smart retailers.

In this year's *The Times/Sowetan* Retail Survey, Sheet Street took over first place in the Home Accessories and Décor Stores category, and Woolworths moved up to second place, while Mr Price Home slipped back to third place.

Debbie Booth, strategic insights and planning consultant at TNS, says Sheet Street was very focused on stocking linen such as sheets, pillowcases and duvet covers. "Now the company has identified the opportunity offered by the growing number of house-proud South Africans, and it has extended its range into home décor products.

"Mr Price Home has created a name for itself as the go-to destination for home décor, but Sheet Street has picked up on the potential and it is adding rapidly to its range. As a consequence, people can indulge in new trends at an affordable price," Booth says.

Woolworths has long been a strong player in houseware, with a presence in the décor market.

However, Woolworths has significantly increased its range and added to its attraction as a shopping destination.

"Woolworths has also revisited its stocking, and the relevance of its products has improved. With Woolworths' emphasis on quality, its brand is winning loyal customers in this category," Booth says.

One of the trends to emerge from the research is the rise of the retailer brands; retailers are now tapping into categories in which they have not traditionally been involved. This means that retailers are making use of their brands and their national footprints, and making more categories accessible to more people.

Booth says the online window-shopping trend is still developing, and its impact on the Home Accessories and Décor category is relatively limited at this stage. "Décor is very emotional and close to people's hearts. They spend a lot of time choosing just the right décor for their homes.

"This is still very experiential and involves a lot of personal choice, and most people want to touch and feel the products before they will consider bringing them into their homes. Shoppers are prepared to spend time when buying in this category, and shop around for the items that really fit in their homes. Therefore, in this particular category, the online trend has less influence than in other retail segments."

From what was a non-existent category a few years ago, décor retailers have progressed significantly in this country. "They have made enormous strides in making home décor accessible to their customers," she adds.

At the same time, there are opportunities for retailers to expand their vision and offer shoppers more value, by keeping them up-to-date with developing northern-hemisphere décor fashion trends, perhaps through their online websites and in-store information.

"Shoppers are as fashion-conscious with décor as they are with the fashion they wear. Décor is the one thing you can change about your home without bringing in the builders, and making subtle changes to your décor can make a huge difference to your home and its ambience," Booth comments.

However, shoppers are often out of phase with the seasonal trends developing in the north, and they are reliant on retailers to ensure that they are kept abreast of the latest fashion colours, materials, designs and textures.

"Retailers are expected to express the fashions through the items they stock. At the same time, many customers want to know more, and savvy retailers can add value by giving them an educational experience," she says.

DAVID JACKSON

“Get smart" – that's one of the key trends to emerge from this year's TNS research into the telecommunications sector, as the proliferation of new smartphone devotees appears to be having an impact on the number of consumers visiting telecommunications stores.

MTN – which tops the Telecommunications Stores category in this year's *The Times/Sowetan* Retail Awards – is slightly up compared to 2012, with Vodacom Shop second, declining by four points, followed by Pepcell in third place.

And Cell C's increase, in fifth position this year, appears to be a reflection of the number of new subscribers gained over the past year.

However, Anne Roberts, director of insights for TNS South Africa, points out that in real terms, Vodacom is represented twice on the honours list, with Vodacom4U showing an increase in relevance to consumers. "This indicates that Vodacom might have directed some of its resources to 4U."

Jody Forrester, acting branded channel general manager for MTN SA, says that in order to enhance customer experience, MTN has implemented multiple initiatives, such as a nationwide standardised digital infrastructure, comprehensive staff development programmes, enhanced point-of-sale systems and a refresh of its flagship marquee stores.

"These flagship stores are spread across the country, and they boast on-site handset manufacturers, experienced and trained data specialists, larger stockholding, and tea and coffee stations. We have also introduced more stringent security measures at the stores to ensure the safety of our customers."

Adds Forrester: "MTN acknowledges that the branded retail stores are a primary sales and service touchpoint for its customers across South Africa. MTN continues to invest in both the physical constructs of the store, and its highly trained and energised staff."

Roberts points to some interesting dynamics in the Telecommunications Stores category as a whole. According to the research results, the percentage of people visiting these stores has increased significantly – up from 37% in 2012 to 49% in 2013.

This increase is noteworthy in the context of other trends that TNS has observed, she adds. TNS conducts a global study called Mobile Life, which measures mobile penetration and behaviour in many countries around the world, including South Africa. The 2013 results, released recently, reveal that a key trend in the telecomms sector is a dramatic increase in the use of smartphones.

"The mobile penetration in South Africa is

TELECOMMUNICATIONS STORES

Smart moves

MTN tops a category that shows significant growth in number of users

already very high," Roberts notes, "with nine out of 10 people possessing a mobile phone. But between 2012 and 2013 there has been a massive jump in the number of people in this country acquiring a smartphone. And of those who do not yet possess a smartphone, many have indicated that this is the next big-ticket item on their shopping list."

What is also notable, adds Roberts, is that the percentage of people owning a smartphone is generally aligned with the increasing number of people now visiting telecommunications stores. "The indices this year indicate an overall growth in the number of people using these stores, with Telkom Direct and 8ta showing the strongest increase, relative to where they were last year."

In this year's "attribute ratings", 8ta came out tops among consumers for "variety of choice", ahead of MTN and Vodacom Shop.

Adds Dr Sean McCoy, chairman of the Brand Council of South Africa: "With little to separate the two dominant market players, there is a clear gap over the likes of Cell C, and the aggressiveness of the former in terms of retail stratification and distribution is evident, across the value chain.

"Data is clearly playing an increasingly important role, and there is significant market anticipation around the intended Telkom and 8ta merger anticipated next year, accelerated recently by speculation of a Vodacom acquisition of the Neotel business.

"Data is both a product and service proposition that will have a bearing on the retail approach of the big guns in the telecomms space. Consumer demand for bandwidth and data services is driven by, among other things, the rise of social media and significantly shifting consumer behaviours tied to this. Telecomms operators that can best anticipate these consumption trends and offer the right value proposition will win the day," says McCoy.

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