21 Sunday Times TOP BRANDS 2019

GREAT ACHIEVEMENTS DESERVE GREAT HONOURS

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Sunday Times

Foreword

Modern disruptions have given rise to a new kind of consumer

Technology dominates the winning brands as it takes over the world, writes **Eben Gewers**

Building a brand with longevity is probably one of the greatest ambitions for any businessperson. In today's challenging economy, it takes an incredible amount of hard work and investment to remain relevant and maintain favour with consumers who are spoilt for choice, and are increasingly cost conscious. The commitment required has been reflected in the evolution of marketing and advertising.

Over the past 21 years, the Sunday Times Top Brands Survey has established itself as the country's leading barometer of brand sentiment among consumers. We've witnessed dramatic changes in consumerism, as well as the tactics and strategies employed by brands to keep their skin in the game.

There's a new generation of marketers (some of them barely older than the Top Brands survey!), who are taking brand leadership to a new level, thanks to the internet, social media and mobile technology.

Brands are increasingly reliant on these platforms to amplify their positioning and brand values with consumers – consumers who really care about what a brand stands for, and will choose one brand over another based on those principles.

This is what makes the results of the 21st Sunday Times Top Brands Survey exciting: they reflect the collective brand-consciousness of the nation, giving marketers a measurable insight of brand sentiment in an increasingly switched-on, connected world.

Eben Gewers: Head of advertising sales at Tiso Blackstar. Picture: Masi Losi

This year we've expanded the survey to include technology-based categories that are deeply reflective of how technology touches all our lives.

Twenty-one years ago, we could never have anticipated that these categories would exist, and that legitimate brands would be built around such products and services. (The Matrix was only released in 1999!).

Fibre providers, online banking, streaming services and social media were a fantasy. Today, their reality is so woven into the fabric of our lives that living without them would be inconceivable for anyone born after cell-phones became mainstream.

As a result, we've seen some interesting shifts in our Grand Prix categories. Homegrown brand, Koo, remains a perennial favourite as the winner in the Consumer sector, but tech-brand WhatsApp slid into third place in only its first year in the survey. In the Business sector, tech-brand Samsung clinched top spot. Congratulations to these and all the other category winners!

Tiso Blackstar's ongoing support for the Sunday Times Top Brands Survey is to give marketers the research they need to not only become more competitive, but to deliver real value to their consumers. Together with Kantar – our research partner – the Sunday Times Top Brands Survey looks forward to sharing insights about the endearing longevity of some brands, as we track the progress of those newer ones who leave such strong impressions in our lives.

Foreword

How to be a top brand

It's all about integrity, identification and inclusion, writes **Mark Molenaar**

How does Koo take the top spot in the Sunday Times Kantar Top Brands awards year after year? And why does it consistently outperform all the other brands across all categories in SA?

Part of the answer is its familiarity with just about everyone across all socio-economic groups, and it is bought and consumed on a regular basis by so many people. It is thus an inclusive brand, appealing to a very broad base. But this on its own is not enough, to be a top brand Koo still needs to be rated very highly by both people who consume it and those who don't.

In other words, it needs to resonate with people at an emotional level and create a connection that translates into a highly favourable perception of the brand. In addition to being inclusive, Koo does this through a combination of creating and sustaining familiarity and trust, delivered through consistent value and quality.

In turn, Koo is rewarded by being chosen by more South Africans when at the supermarket shelf or spaza shop. It consistently delivers on its promise and consumers know what to expect and that they will be satisfied with their choice. But it's not just about the product. Koo has built a powerful connection to people through all the many family moments and memories where it is enjoyed as part of a meal, of sharing and celebration. The context within which Koo is consumed creates the experience which amplifies its brand purpose and promise.

Trust is probably the most important factor in why people consistently choose one brand over another, especially in SA, where the economic risk of a wrong decision weighs heavier than in more affluent markets. Sarah King, head of brand for Kantar's Insights Division, talks about the three Is of trust when it comes to brands, namely, integrity, identification and inclusion.

Integrity is about consistently doing what you promise and is the foundation of trust. That means, every time you purchase a brand you know what to expect and the experience is the same.

Mark Molenaar, Kantar director, customer experience, Insights Division.

When you believe in the integrity of something it becomes a mental shortcut for decision making, without having to waste energy thinking about the choice.

Identification is about connecting at a human level, and is one of the most powerful sources of trust in times of uncertainty, such as we are experiencing in SA now. Koo and other top brands connect at a human level by creating familiarity and a shared set of values and purpose. We feel an affinity with brands that reflect our lives, who we are and what we believe in. It's about authenticity and "seeing" us by understanding our needs.

Inclusion is about feeling part of a group, with something in common, like family or a common interest, community or even country. A key component of being part of a group is that there is shared identity. From a brand point of view, it is an act of giving, as some control is handed over to consumers.

Top brands have broad inclusion, finding a way to resonate with people across a diverse spectrum of backgrounds and needs and in so doing play a unifying role in bringing people together.

The other brands in the top 10 of the Sunday Times Top Brands each deliver the same trust, promise and experience in their respective categories.

With Coca Cola, WhatsApp, Samsung, KFC, Tastic, Lucky Star, All Gold (condiments), Shoprite and Handy Andy rounding out the top 10. All these brands create and maintain consistently high familiarity through advertising and brand engagement that reinforces a relevant emotional connection and an experience that lives up to that promise, coupled with being easily available and providing a value equation that leads to preference and choice.

Brands don't need to have been around for a long time to create a strong connection of trust. WhatsApp has entered the Top Brands ranking at number three this year, delivering on a universal need to connect with friends and family and an experience of intimacy.

In the Sunday Times Top Brands survey, the app has grown from a 40% usage in 2014 to 76% in 2019, almost doubling in six years and cementing itself as a favourite with a rating of 9,05 out of 10 among users.

Koo retains its long-held number one spot. Picture: www.koo.co.za

Insight

Trusted brands retain their place at the top

Disruptives do not seem to have moved the favourite consumables

By **MARCIA KLEIN**

South Africans continue to love their long-time favourite brands such as Koo and Coca-Cola, but they are equally open to supporting new brands.

This has resulted in the fairly rapid rise of some new brands which have quickly established themselves as household names.

Among the main winners of the Sunday Times/Kantar Top Brands for 2019 were Koo, which continues to retain its long-held number one overall position despite the tinned food category becoming heavily contested with new and no-name brands.

It was followed by Coca-Cola, also a long-time favourite.

However, third and fourth place overall are taken up by WhatsApp and Samsung, indicating that building a big brand is possible within a fairly short period of time.

WhatsApp was only started in 2009 and grew quickly to be worth almost R20bn when Facebook bought it in February 2014, and to have 1.5-billion active users in over 180 countries by this year. Samsung is an old brand, having been around since 1938, but its brand awareness has increased exponentially since it became big in mobile phones.

"This year, the results demonstrate the ability of both the relatively young brands – and heritage brands – to be relevant and meaningful to consumers, in their own way," says Samu Makhatini, account director at Kantar.

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Both old and young brands can be disruptive and create new ways to market, to sell and to compete, she says.

The rest of the Top 10 list — KFC, Tastic, Lucky Star, All Gold, Shoprite and Handy Andy, includes a number of home-grown SA brands. It is also a diverse list, including brands across various categories.

Samsung tops the tables among business decisionmakers, with Apple's iPhone only coming in at third place. Most interesting is that Emirates accrued the second-highest score in the business category overall, beating all local airlines as well as British Airways, which was seventh overall.

Top Brands measures a brand's penetration in the marketplace, its relative strength among its users and its relative attraction among non-users, or its relative advantage.

While the top brands results do not change significantly from year to year because it takes time to build a brand, brands that tend to do well are those that spend time and money engaging with audiences through communication and activities, says Refilwe Maluleke, MD of marketing and branding group Yellowwood.

The alcoholic drinks category is among the most competitive, given the number of brands available, and also displays the long-term reach of some brands and the ability of new ones to establish themselves relatively quickly.

Hennessey was the favourite alcoholic spirits brand, followed by Johnnie Walker, Jameson and Amarula, following the same order they did last year. But Tanqueray gin, which has done substantial advertising, came into the top 10 for the first time to take sixth position, while old brands such as J&B, Glenfiddich, Richelieu and Three Ships all fell out of the top 10.

Heineken remains the most popular beer, followed by Castle Lite and Carling Black Label, while Flying Fish jumped from sixth to fourth place. Among craft beers, which is a new category, Soweto Gold was the top brand, followed by Darling Brew and Jack Black.

Brand Finance Africa MD Jeremy Sampson says the top brands in the spirts category largely exclude the relatively cheaper gin and vodka brands, while expensive whiskeys and brandies are getting high scores.

Maluleke says people are buying brands like Hennessey by the bottle in popular outlets. While they may be expensive, alcoholic brands are the kind of "badge brands" that are far easier to buy than high-ticket items such as iPhones, Macs or cars. She says there is still a prevalence of global brands among the alcoholic beverages.

"It has always been that way in the spirits world, but I hope that will change. It is great to see SA brands featuring across the top brands, but I understand the appeal and aspiration, and many of these brands do a lot of work in the local market and are excellent in their local communication."

Craft beer was one of a number of new categories to be introduced this year including digital banks, fibre companies and streaming services and, in the business section, courier and fibre companies, hotels and international airlines.

Makhatini says technology and digital services brands are the most notable additions as access to digital platforms and the technology enable them to become more widespread.

The addition of new categories takes cognisance of changing trends and interests, as well as for industry disruption. The Top Brands already featured industry disruptors — Capitec, for example, is now the number one retail bank with a score significantly higher than its nearest rival (FNB). The new categories make room for brands such as global streaming company Netflix or local fibre company Afrihost to feature among top brands.

It may, however, take time before certain brands become dominant in hotly contested new sectors.

"We do have disruptive companies like TymeBank and BankZero making their presence known," says Maluleke. "It is a matter of time and scale."

She says it took companies such as Amazon and Airbnb a long time to build their brands, and there is a similar dynamic in SA, where some of these disruptive brands are not at a level of scale and awareness where they will show up in a survey. She says for many disruptive brands, the only place consumers see them is on social media, and it is difficult for consumers to know what they are about.

"Disruption is fantastic and benefits the consumer, but it does require patience and commitment on the part of the business as it starts to build scale and the big girls and boys are not going to sit on their hands and watch the others grow — they will absolutely fight back."

Similarly, fibre companies "cannot have a clear space in people's heads at the moment". "This is a tough category, reflected in the scores, but it is good to include it and see how it plays out as we see shifts and changes over time," says Maluleke.

On the other end of the scale are companies that retain brand awareness no matter what. Companies such as Eskom were among the top brands for many years after they started to collapse. Similarly, SAA remains the top domestic airline, despite its financial and corporate governance crisis.

"Regardless of what the latest scandal, nothing seems to touch it," says Maluleke, adding that what we read about some companies is not necessarily having the impact we would expect.

Even Postbank entered the top 10 retail banks this year. Similarly, Vodacom's ongoing battle with Please Call Me inventor Nkosana Makate has done nothing to dent its brand, as it remains the top telecoms provider.

Vodacom is also the most recognised brand for its social investment, followed by FNB, Nedbank, MTN and Coca-Cola. Sampson says Nedbank scored highly on this and on the "green" rankings. But generally, apart from Capitec, the big banks' scores were low and showed that the Capitec brand was "resonating" and the big banks have not been responding to its challenge. "Capitec is making huge inroads. People are happy with it and like it and it is obvious in the scores."

Business decisionmakers, who ranked Samsung, Emirates and the Apple iPhone top overall, and also consumers in many cases, often prefer global brands.

"When it comes to high-end brands like cars, cellphones or spirits, there either are no local brands or they don't perform relative to global brands," says Maluleke.

> **Disruption is fantastic and benefits the consumer, but requires patience on the part of the brand**

Among the global brands, she says "for Samsung to trounce Apple is amazing," and may have something to do with its efforts to make communication that is local.

This is the reason why Emirates' second position in the business category makes sense. It does an enormous amount of work in SA, especially as an international airline, being present here is a huge deal. It leverages local partnerships such as with Vodacom for discounts on international flights, it advertises a lot and is very present, says Maluleke. "It is punching quite hard to make itself known."

Makhatini says the more choice, the less likely consumers are to be blindly loyal to just a single brand.

Taking this into account and the poor economy, which is causing people to search for savings, "brands need to work that much harder to make it into consumer's baskets. But positioning themselves as more than just a product or service by being salient, meaningful and different," he says.

Coca Cola is this year's coolest brand.
Picture: www.coke.co.za

Cellphones

Size does matter as users go big, bold

Samsung reigns supreme, followed by Apple, Huawei

By **MUDIWA GAVAZA**

It seems that phone screens are getting bigger with each new model release, with price tags for some high-end flagship models competing with some small cars on the road.

The US-China trade tensions have reverberated through the world's technology sector with phone makers in particular feeling the pinch, but the market is still in strong shape.

In the local market, Samsung reigns supreme on this year's Top Brands list with an index score of 83.21. Its flagship devices in 2019, the S10, S10e and S10+ have been top sellers around the world, with the newly released Galaxy Note10 already garnering much attention in the market.

Samsung says the Galaxy A Series with premium features offered at an affordable price is a firm favourite with its customers.

"The introduction of Galaxy A series smartphone in April 2019, which offers flagship features in the mid-range smartphone sector, has resulted in steady market share growth over the months," says Justin Hume, director of integrated mobility at Samsung SA.

"These affordable yet feature-packed smartphones are in the entry-level to mid-segments," he says.

The second-placed cellphone company on this year's list is California based iPhone maker, Apple. The company has been selling its flagship phones in the region for a number of years. In the past year, the brand has been held up at the high-end by the iPhone XS, XS Max and XR, with the lower end held by the iPhone 8. The much-anticipated crop of the new phone was released in a keynote on September 10. The "Apple ecosystem" consisting of a host of products such as the Mac, Apple TV, Apple and iCloud remains a big draw for local consumers.

A Samsung Galaxy smartphone.
Picture:Krisztian Bocsi/Bloomberg

Third place on this year's list is Chinese technology giant Huawei, moving up in the ranks from fourth place in 2018, with an index score this year of 67.78. The company is the second largest manufacturer of smartphones globally, and has seen much success in the South African market.

"We are committed to bringing the most innovative and best quality technology to this country, and will continue to invest in SA's technological future. While the industry as a whole has seen a decline, Huawei has achieved constant growth year-on-year, in some cases up to 60%," says the firm.

"Huawei's growth in a tough economy can be attributed to our world-leading and award-winning products offering great quality and competitive pricing and the increasing consumer love for the brand. Huawei is also the only handset manufacturer to offer 24/7 technical and after sales support in SA."

According to market research firm GfK, Huawei has three products in SA listed in the Top 5 Best-selling Mobile Phones Costing More Than R1,400 for 2019 – the P30 lite, the P20 lite and the Y5 lite. The most popular mid-range mobile phone is the P30 lite; thanks to its flagship level specifications and user experience.

Google's Android is the largest mobile operating system in the smartphone market in SA, which helps to explain Samsung and Huawei's dominance locally. Other manufactures on our Top Brands list such as Nokia, Sony and LG, all use the Google operating system.

In SA, most people who have cellphone contracts are in the R249 to R299 per month bracket.

Customers have been moving towards bigger screens as they use their smartphones for consuming multimedia. Bigger screens allow people to consume movies, TV shows and games, Hume says. "A bigger screen also means a bigger battery – as the size of the screen has increased, so has battery life."

Consumers prefer to have larger phones with excellent cameras, a high screen ratio, long-lasting batteries and more memory, says Huawei. SA consumers have gradually come to accept large-screen mobile phones with a high screen ratio, thanks to improvements in screen technology, it said.

While the next Industrial Revolution will bring a massive wave of disruption, says Hume, it will also bring the promise of game-changing technologies in automation, computer science, advanced robotics, drones and others that will rapidly change how we live and work.

Grocery

Cash-strapped buyers more picky

Shoprite takes the grocery category honours for its low prices

By LYNETTE DICEY

The grocery retail sector in SA is a highly competitive one, exacerbated by the tough economic environment which is playing a large part in influencing where consumers shop.

There has been a fundamental shift in shopper behaviour in the past year, says Grace MacMahon van Eck, senior strategist at King James Group retail & shopper marketing specialist agency, 34°.

While monthly shopping remains the key shopper occasion for most South Africans, she says top-ups have shifted from weekly to bi-weekly trips and basket value has dropped.

"Consumers have more power than ever. Shoppers make purchasing decisions instore but product choice is strongly influenced by household members," she says.

Convenience, driven by shopper demand, is causing a step-change in the grocery category, which is in turn changing shopper behaviour, she adds.

"Everything from forecourts to grocers to wholesalers are having to cater to this newfound demand for convenience by transforming into all-in-one destinations or completely relooking their store format and location."

MacMcMahon van Eck says shoppers are making trade-offs between category products, trading down, and shopping around for the best deal.

"For most people it's become quite typical to fill the grocery cupboard with items from different stores."

At the same time they're putting more private-label items into their baskets, driving rapid growth and product line expansion for the country's biggest retailers.

"In a tough economy, instead of staying static, grocery retailers are gearing up for the growth: overhauling their formats and targeting to make way for innovation, and it's working," she says.

Africa's largest retailer, Shoprite, which this year won the grocery category in the Top Brands Awards, concedes that the economic climate is putting a severe strain on consumer spending. In this environment, better serving customers is its number one priority.

"Our aim is to be the most affordable supermarket in the country," says Shoprite's general manager for marketing Willie Peters. An example of this, he says, is the retailer's Under R5 deli meals, which include a tomato and egg sandwich for R3.99, a cup of soup for R3 or soup and igwinya (vetkoek) for R5.

"We constantly challenge our suppliers to innovate and come up with more affordable solutions for consumers such as a 50g pack of Pot o' Gold peanut butter or a 125g bar of Sunlight laundry soap. This approach helps us to have more than 1,000 items for R5 or less, helping consumers in the toughest of times."

Consistently delivering the Shoprite's low-price promise to customers is more than just a marketing pay-off line but a commitment the retailer lives by every day, says Peters.

"It's part of our DNA and a brand commitment that consumers appreciate, illustrated by the fact that around two thirds of the SA population shops with us."

Shoprite remains a favourite grocery outlet for SA consumers. Picture: Jeremy Glyn

One of SA's largest private sector employers with nearly 150,000 employees, Shoprite's footprint extends beyond SA to include 14 African countries.

The retailer has faced challenges outside SA, including forex shortages, currency devaluations and rampant inflation in Angola.

After a "testing" past year its earnings for the year ending June 2019 year were down 18.2%.

Shoprite's local supermarket division, however, performed well, although overall sales have declined as a result of a constrained economy, inventory shortages after industrial action and the implementation of a new IT system.

Shoprite's LiquorShop, established in 2005, recently opened its 500th store. Close to 300 of these outlets are Shoprite LiquorShop branded while the balance are Checkers LiquorShop branded.

For the past financial year it grew more than double that of the rest of the industry with sales growth up by more than 25%.

"Our LiquorShop marketing strategies are built around the same principles as the supermarket mother brand: delivering on our low-price promise to customers and providing real value for money, which resonates with customers. Core brand principles transcend across industries — if you can deliver on those core principles, consumers will support your band," says Peters.

For most people it's become quite typical to fill the grocery cupboard with items from different stores

Pick n Pay store in Rosebank. Picture: Freddy Mavunda

Shoprite came second in both the Green and Social Investment categories.

The retailer has a number of environmental sustainability initiatives in place including reducing food waste, water and energy to more sustainable packaging.

Its social investment initiatives are aligned around the United Nations' Sustainable Development Goals and focus primarily on fighting hunger, giving access to quality education, providing decent work and promoting sustainable production and consumption.

"Most of our community work is directed through our CSI programmes and include direct interventions such as disaster relief, mobile soup kitchens and food gardens; fundraising for worthy causes; supporting non-profits in their work; mobilising staff and working with customers to generate funds for causes they want to support, such as the ActForChange Fund," says Peters.

Coming second in this category is Pick n Pay. Despite a challenging trading environment, the retailer has increased turnover by 7.1% by streamlining its operations.

Its clothing, liquor and online divisions are all performing well. Pick n Pay continues to invest in winning customers through lower prices, more attractive promotions, value-added services and more modern stores.

"Pick n Pay is competing on price with sweeping price cuts, has expanded its non-packaged free produce line to capture conscious shoppers, is investing in new stores and the development of its product line which is resulting in regained market share and improved salience," says MacMahon Van Eck.

In third place in the grocery category is Spar, which is benefiting from convenient locations, ensuring it has every product in stock and getting the basics right.


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Medical Aids

Discovery in healthy spot

By **PENELOPE MASHEGO**

Discovery Health medical scheme has grown in leaps and bounds since its inception, remaining a firm favourite with South Africans, taking the lead as the country's most beloved scheme.

This year, Discovery Health is once again sitting pretty on the number one spot as SA's top medical scheme in the Sunday Times Kantar Top Brands Survey, beating its competitors Bonitas and Momentum, which took second and third place respectively.

Founded by Discovery CEO Adrian Gore and Vitality Group's Barry Swartzberg in 1992, Discovery Health's beginnings were underpinned by a strategy that was unheard of at the time — a medical savings account which puts members in control of their day-to-day medical spending.

An innovator since its inception, Discovery Health has taken the lead as SA's biggest open medical scheme, with a score of 79.50 in the Sunday Times Top Brands business category. The scheme boasts 2.6-million members and manages 14 medical schemes.

Discovery Health is also in the top-10 list of the Consumer Grand Prix category at number eight. What made Discovery Health a stand-out scheme when it was first introduced was its focus on shared value, which is aimed at enhancing and protecting people's lives.

Through the Discovery Vitality business, members are incentivised to make healthier choices and are rewarded for reducing risk.

The model also means its products are not only profitable but also make a positive impact on society.

Principal officer of Discovery Health Medical Scheme Nozipho Sangweni says: "We have focused intensively on providing our members with tangible value by providing sustainable access to the best health-care, connecting our members and their families to a health-care ecosystem that gives them the highest quality of care at the lowest possible cost, at every stage of their lives.

"We remain conscious of the economic pressures facing our members, and continually strive to balance their needs and expectations while ensuring a sustainable medical scheme that will be here to look after our members for generations to come."

Bonitas Medical Fund took second place with a score of 63.42, and is the second-biggest open medical scheme.

The medical scheme, which was established nearly 40 years ago, has 730,000 members and reserves of over R3bn.

Lee Callakoppen, principal officer of Bonitas Medical Fund, says the company strives to offer value and accessibility to health care that improves the quality of life.

The medical scheme offers diverse products, savings and day-to-day benefits and managed care programmes to its members.

"We believe that in the current market, it is important for medical schemes to understand how members are impacted by economic and social factors and respond accordingly. Education, awareness and communication with members around their benefits and preventative health-care measures is thus critical," Callakoppen says.

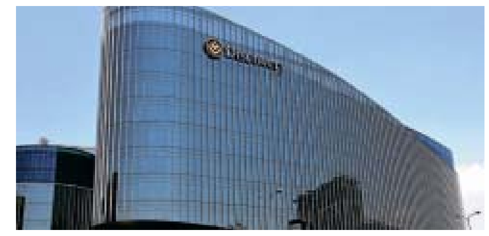
He added that Bonitas' strategy is focused on preventative and managed care, for diseases such as diabetes, hypertension heart disease and other non-communicable diseases.

The medical scheme's product offering extends to the home delivery service, which ensures that they take their medicine according to their treatment plans, as well as educating them on their chronic conditions.

As part of its constant innovation, Bonitas has introduced two new plans that are 15% cheaper and give them access to a network of health-care providers.

The medical scheme also offers a financial health and wellness programme to its members, which includes Medgap, a multi-insurer gap cover and the Sanlam Indie that provides free investments up to 110% of monthly contributions.

Innovation is at the heart of Momentum Metropolitan Health's strategy and has contributed to the company's consistent growth over the past 10 years.



Discovery building in Sandton. Picture: Freddy Mavunda. © Financial Mail

The medical scheme was the third-favourite scheme for South Africans with a score of 56.27.

Damain McHugh, executive head of sales and marketing says the health-care industry has diverse challenges, and Momentum is moving with the times by constantly finding solutions to those challenges.

"Innovation has proven to be a strength for Momentum over the past 10 years, and the sustained growth we experienced has directly contributed to our young average member age," says McHugh

The medical scheme pays up to R3,000 a month per family to members who go for an annual health assessment, follow their treatment programmes where applicable and are active.

Momentum will soon announce its benefits and contributions for 2020, which will focus on providing more health care for South Africans for less, while removing complexities where possible and making its product offering easier to understand.

Methodology

Based on the tried and tested rating

● 2019 brings the 11th successful year in partnership with Kantar for the Sunday Times Top Brands Survey. The study applies the same methodology it has used since 2009.

The approach looks at a brand's penetration in the marketplace and examines 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:

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

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

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

How a brand can win situations:

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

Why is this approach more useful?

Most brands have a good sense of their relative size. The approach adopted by Kantar allows more useful marketing insights to be gained: a brand can assess by how much more – or less – its users rate it compared with average, a heads-up for some, as well as an indication of the relative commitment people have to a brand. Similarly, by looking at the non-user ratings, some idea of a brand's relative "pull" among its non-users is gained – this is a good indication of its relative ability to attract new users. Comparing usership and these two ratings' data tells marketers much about their relative power in the mind versus their power in the market.

The algorithm is not proprietary to either the Sunday Times or to Kantar, but is in the public domain. The consumer sample represents all SA adults

The total sample for 2019 is 3,500, with 2,500 interviews in metro SA and 1,000 interviews in non-metro areas of SA. We talked to adults aged 18 years and older. The results have been weighted to represent the population according to Stats SA 2018 mid-year population estimates. The study is representative of all adults across the country and is a relatively large sample in consumer research terms. Interviews were conducted in home, face-to-face.

The following categories were removed in 2019:

- Alcoholic coolers;
- Ciders;
- Daily newspapers;
- Frozen chicken;
- TV service provider; and
- Water.

The following categories were added in 2019:

- Digital banks;
- Fibre companies;
- Hot beverages;
- Household cleaning;
- Craft beer;
- Fibre providers;
- Laundry care;
- Paid streaming services; and
- Social networks.

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

The business sample represents businesses of all sizes. This sample consisted of 382 C-level business decisionmakers (CEOs, CFOs, COO etc.) from organisations of all sizes. The business component was completed as online self-complete interviews.

The following category was removed in 2019:

- Car companies.

The following categories were added:

- Courier companies;
- Fibre companies;
- Hotels; and
- International airlines.

Long-Term Insurance

Disruptors set to bring added benefits to clients

The tech invasion presents firms with an opportunity for digital transformation, skills

By **MERRICK PARKER**

Conditions may be changing for the long-term insurance sector and unpredictability seems to be in the water — both locally and internationally — but players in the sector may be seeing a glimmer of better times on the horizon. But that does not mean getting past the current situation won't be without challenges or change.

SA has the largest life insurance industry on the African continent, with total assets of R3.1-trillion.

That high level of penetration in a relatively more mature market might point to fewer opportunities for growth in the future. But a PwC report on the sector from September last year found that gross written premiums (GWPs) were increasing. Long-term GWPs rose from \$15.8bn in June 2016 to \$19.3bn in June 2017.

"All South African respondents surveyed predicted increases over a variety of aspects of the insurance market between now and 2020," the report said.

Discovery Life came first with a score of 67.92, followed by Sanlam and Old Mutual Group, which came third.

One avenue that may be spurring that growth is technological shifts similar to that taking place in the short-insurance sector.

Chris de Klerk, head of life insurance and innovations at Standard Bank.
Picture: Supplied

Ian Kirk, Sanlam Group CEO.
Picture: Martin Rhodes. © Business Day

Chris de Klerk, head of life insurance and innovations at Standard Bank, says while the group already makes use of data extensively in its business, they view increased personalisation for clients both in propositions and services as critical.

"Increasingly, we are solving for the underlying services clients need. An example of this is our insurance service to customers to ensure that burst geysers are replaced within four hours, a type of service which we have extended to other short-term insurance classes as well."

De Klerk says the use of robotics and artificial intelligence technologies also free up time for staff to focus on clients. He believes these technologies will reframe the traditional insurance propositions that the industry has delivered, and force a faster pace of change on how insurance companies service customers.

> **The use of robotics and AI technologies also free up time for staff to focus on clients**

"These technologies will also increasingly blur the boundaries between traditional financial products and non-financial services. Increasingly, customers will look to companies such as Standard Bank to provide innovative solutions to deliver hot water and transport, and less of the current insurance construct of an insurance payout for an event," De Klerk says.

These changes may also be forced upon the sector from "insurtechs" and technology start-ups that redefine customer experience through innovations such as risk-free underwriting, on-the-spot purchasing, activation, and claims processing.

Sanlam says it had developed in-house insurtech capability through Sanlam Indie and recently announced a venture with mobile operator MTN to offer products such as funeral cover and other life products through digital platforms.

Sanlam Group CEO Ian Kirk says irrespective of the rapid changes brought by new technologies, people will always be the greatest asset and differentiator for any business. But he points out that as the demand for these technologies increases, identifying and retaining skilled staff would remain a key issue in the foreseeable future.

Worldwide there is already a shortage of artificial intelligence and machine learning specialists. A report by Chinese technology company Tencent speculated that there are about 300,000 "AI practitioners and researchers" worldwide, but millions of roles available for people with these qualifications.

"The demand for talent is currently more than the available supply, and this reality will be compounded in the next few years. This is important in Sanlam embracing the digital transformation opportunity," Kirk says.

But the role of existing staff will also be reshaped, as each unit of the business will be shaped and affected by the use of technologies such as AI.

SA funeral insurer Avbob believes the role of insurance sales representatives will change dramatically in the next coming years.

"Our sales representatives will rely more and more on technology to increase productivity. We envisage that AI-enabled tools will help insurance sales representatives to support a larger client base while providing tailored solutions to individual clients," Marius du Plessis group communication manager, says.

"Avbob is focusing on modernising its ICT environment so that we are able to respond to the new emerging technology."

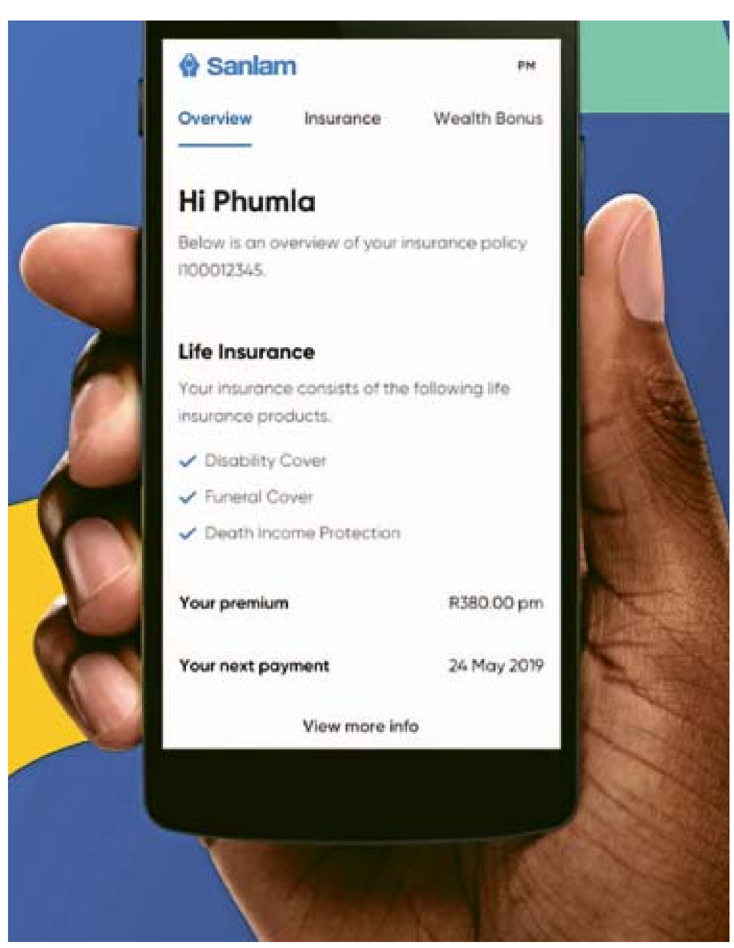
The group says it is using big data analytics and customer relationship management systems to provide holistic solutions.

"It is essential that we continuously learn from our collected data. As such, we have embarked on an ongoing process of data analysis where statistical and/or logical techniques are used to describe, illustrate and condense insights on our customers," Du Plessis says.

Despite the potential changes and challenges to the sector, Kirk also pointed to the fact that the main challenge facing the group was increasing profit in a tough operating environment.

"The general adverse effect of international political and economic turmoil on emerging markets has had a significant bearing on the strategies of many businesses."

Sanlam. Picture: Freddy Mavunda



Insurtech

Short-Term Insurance

Economy, weather pose risks

By **MERRICK PARKER**

The weak economy in SA paints a bleak picture for the short-term insurance sector, but many of the county's insurers are in the throes of a much-needed tech shift that may offer some reprieve for an uncertain future.

Globally, some of the biggest investment deals from 2018 in the sector have been on the technological front. At the top of that list was the telematics tech sector. The largest of those investments came from the SoftBank Vision Fund, which poured $500m into Cambridge Mobile Telematics, the world's leading mobile telematics and analytics provider. The investment will accelerate the adoption of the group's platform used by insurers, fleets, wireless carriers and other entities to measure driving risk and improve driver safety.

Anton Ossip, CEO of Discovery Insure, says the use of machine learning techniques in the industry is something they expect to increase as the level of data available increases.

He says machine learning can be used in customer experience and policy servicing, product development, distribution, claims management and underwriting.

"We view technology as an enabler in the provision of insurance. In our case in particular, technology has been critical in our Shared-Value model of insurance, giving us the ability to measure and reward our clients for driving well," he says.

The group says it was using digital solutions in areas such as aid purchasing (online tools), measuring and rewarding driving behaviour, query resolution through virtual agents and faster claims settlement online and getting immediate approval through an artificial intelligence solution.

Ossip says the impact of technology brings about new risks, but also opportunity.

"Cyber risks are more prevalent, which means insurance companies need to respond to this. Social media is being used as a marketing tool by businesses, which can increase liability and reputational risks which can also be insured against. Discovery Business Insurance has been created to cater for traditional risks (property, motor, accident and liability) as well as newly emergent risks," he says.

So far this year the short-term insurance sector has seen some consolidation, with Momentum's acquisition of the short-term insurance business of financial services group Alexander Forbes for around R1.94bn.

Etienne du Toit, Momentum Short-Term Insurance chief commercial officer, says the

Anton Ossip, CEO of Discovery Insure.

Etienne du Toit. Momentum Short-Term Insurance chief commercial officer

current depressed economic environment is likely to result in a continued challenging growth environment. He says the sector remains a very competitive one with many established insurers and multiple insurtech start-ups recently coming to the fore.

Keeping up with changes in technology is a challenge for many insurers, "many insurers are encumbered with legacy business models and IT infrastructures which are poorly equipped to handle the changing demands of a younger insurance market," he says.

Due to the tough economic conditions, consumers are under pressure to reduce costs where possible. Natasha Kawulesar, head of client relations at OUTsurance, says insurance is one of those areas where changes in a consumer's profile may be to their benefit, a company that might have been too expensive a year ago, could be cheaper a year later.

There is benefit in "shopping" and this is a trend coming through.

Kawulesar says for the insurance pool to grow the country's GDP needs to grow at a rate of 4-5%. But a tech shift and a weak economy is not the only problem facing the insurance sector. In 2017 the sector profitability was negatively impacted by the major catastrophes including the Knysa fires and the Durban and Gauteng floods and hail storms. Even though the weather-related claims environment was fairly benign in the 2018 calendar year for insurers, Du Toit says climate change and related unpredictable weather events are expected to have an impact on the industry in future.

The department of environmental affairs' recent report on the National Climate Change Adaptation Strategy, published earlier this year, found that there has been "2°C per century or even higher temperature increase for the western parts and the northeast of the country.

"There is evidence that extreme weather events in SA are increasing, with heat wave conditions found to be more likely, dry spell durations lengthening slightly, and rainfall intensity increasing," it said.

Robyn Putter Award

Those who sell the brand to consumers, and do it best

It was an extremely close call this year between Ogilvy and FCB for the top spot in the Top Brands Robyn Putter Award, with Ogilvy ultimately coming out just two points ahead. The award recognises the contributions made by creative agencies in support of winning brands, with the winner decided on a points system based on the performance of its clients in the Sunday Times Kantar Top Brands Survey.

Historically, only the top three in the Grand Prix categories were included in the rankings. However, for the first time this year the top 10 were included (with weightings of 10 down to one) from both the Grand Prix Business and Grand Prix Consumer categories, says Kim Larsen, client service director for Kantar's Insights Division who conducted the Top Brands research.

Ogilvy achieved 77 points while FCB was awarded 75 points. "There is very little between the two top agencies, indicating the dominance and strength of both Ogilvy and FCB," says Larsen.

Key to Ogilvy's success, says Ogilvy SA MD Elouise Kelly, is the effective inter-relationship between all the different streams making up the agency: effective creative work that resonates with consumers, enduring client relationships, and the right talent.

"In this new digital era we're creating advertising very differently. Previously we developed a big idea – usually for television – and that idea lived across print, radio and outdoor. Nowadays, however, we're developing big ideas that are literally channel-agnostic. As long as the idea resonates with consumers we craft and adapt it to suit different mediums.

Elouise Kelly from Ogilvy SA MD.

"We did this particularly successfully with a campaign for Castle Lager brand called #SmashTheLabel on behalf of ABInbev. This is a client with whom we've had a long relationship and who are prepared to push the boundaries. The brand has long been focused on standing for something more than just selling beer, hence the idea of being about bringing people together. The #SmashTheLabel campaign was about smashing stereotypes and opening up a dialogue about this very important issue."

Brands must be prepared to engage in a two-way conversation with consumers, she says. "#SmashTheLabel ticked all these boxes," Kelly says.

FCB is another agency which has long successfully kept abreast of consumer trends. A large part of FCB's success is the long standing partnerships it has with its clients, says Group CEO Brett Morris.

Brett Morris, group CEO of FCB.

"No relationship is always plain sailing. We have open and honest conversations about the challenges and opportunities facing the business and we take responsibility as a team. In our most successful partnerships, a lot of it is down to the fact that neither partner takes a short-term view. We're constantly looking for ways to improve and adapt to the requirements of the changing landscape."

He says technology will fundamentally change how advertisers operate and make storytelling exponentially more powerful.

"There is so much potential in big data, artificial intelligence, automation, martech platforms, voice and image recognition, among many others," says Morris.

The Robyn Putter Award recognises the company that best connects client brands with the consumers.

21 Sunday Times TOP BRANDS 2019

GRAND PRIX 2019

OVERALL FAVOURITE BRAND	① 93.00 Koo Tinned Foods	② 91.59 Coca-Cola Soft Drinks	③ 89.31 WhatsApp Social Networks
SOCIAL INVESTMENT	① 10.81 Coca-Cola Soft Drinks	② 8.91 Shoprite Grocery Stores	③ 3.73 Vodacom Telecoms Providers
GREEN AWARD	① 14.00 Coca-Cola Soft Drinks	② 9.01 Shoprite Grocery Stores	③ 7.05 Eskom Electricity Providers

CONSUMER CATEGORY

ALCOHOLIC SPIRITS

1	HENNESSY	63.17
2	JOHNNIE WALKER	61.97
3	JAMESON	59.40
4	AMARULA	56.96
5	SKYY VODKA	56.32

MAKE-UP AND FACE CARE

1	NIVEA	72.02
2	POND'S	63.76
3	JOHNSON & JOHNSON	59.27
4	REVLON	59.09
5	AVON	57.53

BEER

1	HEINEKEN	64.40
2	CASTLE LITE	62.55
3	CARLING BLACK LABEL	58.98
4	FLYING FISH	58.01
5	CORONA	53.42

CARS

1	MERCEDES-BENZ	67.75
2	TOYOTA	65.90
3	BMW	65.31
4	VOLKSWAGEN	63.70
5	AUDI	59.60

CELLPHONES

1	SAMSUNG	83.21
2	APPLE IPHONE	68.30
3	HUAWEI	67.78
4	NOKIA	56.55
5	SONY	52.30

CONDIMENTS AND SAUCES

1	ALL GOLD	79.85
2	CROSSE & BLACKWELL MAYONNAISE	77.08
3	NOLA MAYONNAISE	67.32
4	MRS BALLS	64.66
5	NANDO'S SAUCES	57.24

DOMESTIC AIRLINES

1	SAA	61.23
2	BRITISH AIRWAYS	56.92
3	MANGO	54.49
4	SA EXPRESS	47.56
5	SAFAIR	46.71

ENERGY DRINKS

1	RED BULL	68.61
2	POWERADE	67.37
3	POWER PLAY	63.95
4	ENERGADE	62.06
5	MONSTER	55.96

FAST-FOOD RESTAURANTS

1	KFC	83.05
2	DEBONAIRS PIZZA	64.71
3	NANDO'S	64.53
4	MCDONALD'S/MCCAFE	64.10
5	CHICKEN LICKEN	62.84

FRUIT-BASED DRINKS

1	OROS	64.42
2	TROPIKA	62.91
3	LIQUI-FRUIT	61.69
4	CLOVER	60.95
5	HALLS	58.14

LONG-TERM INSURANCE

1	OLD MUTUAL GROUP	59.87
2	AVBOB	57.21
3	SANLAM	57.12
4	STANDARD BANK	54.50
5	HOLLARD	54.31

PERSONAL CARE

1	VASELINE	72.02
2	NIVEA	71.70
3	PROTEX	66.99
4	SUNLIGHT	66.16
5	DETTOL	60.59

RETAIL BANKS

1	CAPITEC	75.18
2	FNB	61.04
3	NEDBANK	60.58
4	STANDARD BANK	60.56
5	ABSA	58.54

ELECTRONIC GOODS

1	SAMSUNG	82.42
2	LG	71.04
3	SONY	64.97
4	APPLE	57.22
5	HISENSE	57.11

ESSENTIAL FOODS

1	TASTIC	82.59
2	ALBANY	77.49
3	FATTIS & MONIS	73.45
4	WHITE STAR	69.42
5	SPEKKO	67.20

GROCERY STORES

1	SHOPRITE	79.70
2	PICK N PAY (SUPERMARKET/HYPER-MARKET/FAMILY STORE)	77.38
3	SPAR/KWIK SPAR/SUPER SPAR	69.87
4	CHECKERS/CHECKERS HYPER	66.59
5	WOOLWORTHS	63.40

LARGE KITCHEN APPLIANCES

1	SAMSUNG	76.96
2	DEFY	74.02
3	LG	68.41
4	KELVINATOR	58.03
5	KIC	54.55

LOYALTY PROGRAMMES

1	PICK N PAY SMART SHOPPER	67.45
2	CLICKS CLUBCARD	62.98
3	NEDBANK GREENBACKS	57.12
4	EDGARS THANK U	56.99
5	ABSA REWARDS	55.78

PETROL STATIONS

1	ENGEN	68.01
2	BP	60.68
3	SASOL	57.97
4	TOTAL	56.63
5	SHELL	56.24

SHORT-TERM INSURANCE

1	OLD MUTUAL INSURE	60.46
2	OUTSURANCE	57.48
3	DISCOVERY INSURE	56.88
4	AA INSURANCE	56.16
5	MOMENTUM	55.77

SIT-DOWN RESTAURANTS

1	SPUR	68.52
2	NANDO'S	66.62
3	WIMPY	60.85
4	MUGG & BEAN	56.46
5	OCEAN BASKET	55.84

TELECOMMUNICATIONS

1	VODACOM	71.47
2	MTN	69.52
3	CELL C	56.47
4	TELKOM MOBILE	54.59
5	TELKOM	52.45

MICRO-LENDERS

1	CAPFIN (PEP AND ACKERMANS STORES)	61.29
2	WONGA	49.59

CRAFT BEER

1	SOWETO GOLD	57.46
2	DARLING BREW	50.02
3	JACK BLACK	49.60

HOT BEVERAGES

1	RICOFFY	70.84
2	FRESHPAK	65.12
3	JOKO	62.96
4	FIVE ROSES	61.62
5	JACOBS	59.30

LAUNDRY CARE

1	SUNLIGHT	77.30
2	STA-SOFT	75.31
3	OMO	69.04
4	ARIEL	61.04
5	COMFORT	58.81

PAID STREAMING SERVICES

1	DSTV NOW	61.18
2	SHOWMAX	53.00
3	NETFLIX	52.00
4	YOUTUBE PREMIUM	49.99
5	CELL C BLACK	49.01

SOFT DRINKS

1	COCA-COLA	91.59
2	STONEY GINGER BEER	67.03
3	SPRITE	64.32
4	FANTA	62.32
5	SPARLETTA	61.05

TINNED FOODS

1	KOO	93.00
2	LUCKY STAR	81.00
3	ALL GOLD	72.32
4	BULL BRAND	63.74
5	GLENRYCK	54.71

WEEKLY NEWSPAPERS

1	SOCCER LADUMA	60.24
2	CITY PRESS	60.18
3	SUNDAY TIMES	59.08
4	SUNDAY SUN	57.31
5	DAILY DISPATCH WEEKEND EDITION	56.62

FIBRE TO THE HOME

1	TELKOM LTE	59.29
2	VODACOM	56.64
3	MWEB	55.52
4	MTN SMART VILLAGE FIBRE	50.93

HOUSEHOLD CLEANING

1	HANDY ANDY	79.27
2	SUNLIGHT	78.33
3	DOMESTOS	70.31
4	JIK	65.74
5	DETTOL	57.91

ONLINE BANKING

1	CAPITEC	74.07
2	NEDBANK	61.47
3	FNB	61.47
4	STANDARD BANK	60.25
5	ABSA	58.17

SOCIAL NETWORKS

1	WHATSAPP	89.31
2	FACEBOOK	72.17
3	GOOGLE+	60.07
4	YOUTUBE	59.44
5	INSTAGRAM	52.93

21 Sunday Times TOPBRANDS 2019

GRAND PRIX 2019

OVERALL FAVOURITE BRAND

SAMSUNG

① 86.82 Samsung Cellphones

Emirates

② 85.33 Emirates International Airlines

③ 83.43 Apple iPhone Cellphones

SOCIAL INVESTMENT

① 4.45 Vodacom Telecoms Providers

② 3.14 FNB Corporate Banks

② 3.14 Nedbank Corporate Banks

② 3.14 MTN Telecoms Providers

② 3.14 Coca Cola/ Coke Soft Drinks

GREEN AWARD

① 8.90 Nedbank Corporate Banks

② 8.38 Woolworths Clothing/ Grocery Store

③ 4.97 FNB Corporate Banks

BUSINESS CATEGORY

DOMESTIC AIRLINES

1	BRITISH AIRWAYS	80.11
2	KULULA.COM	74.17
3	SAFAIR	71.78
4	MANGO	60.35
5	SAA	55.67

LONG-TERM INSURANCE

1	DISCOVERY LIFE	67.92
2	SANLAM	64.13
3	OLD MUTUAL GROUP	63.47
4	FNB	62.26
5	LIBERTY	61.78

CORPORATE BANKS

1	FNB	81.68
2	INVESTEC	70.10
3	CAPITEC	67.38
4	STANDARD BANK	59.24
5	NEDBANK	58.08

TELECOMMUNICATIONS

1	VODACOM	82.21
2	MTN	66.02
3	TELKOM MOBILE	65.92
4	TELKOM	59.70
5	CELL C	51.35

INVESTMENT

1	ALLAN GRAY	76.51
2	INVESTEC	70.66
3	OLD MUTUAL	63.87
4	SANLAM	59.12
5	LIBERTY	57.61

HOTELS

1	SUN INTERNATIONAL HOTELS AND RESORTS	67.42
2	TSOGO SUN HOTELS (HOLIDAY INN/CROWNE PLAZA/GARDEN COURT/SOUTHERN SUN)	65.82
3	PROTEA HOTELS	63.42
4	HILTON	60.79
5	RADISSON	58.66

COURIER

1	DHL	76.36
2	FEDEX	62.06
3	THE COURIER GUY	61.53
4	RAM	59.95
5	POSTNET	58.46

CAR HIRE

1	AVIS	80.94
2	EUROPCAR	68.65
3	BIDVEST	59.66
4	BUDGET	58.64
5	HERTZ	56.12

SHORT-TERM INSURANCE

1	SANTAM	70.61
2	DISCOVERY INSURE	70.27
3	OUTSURANCE	64.82
4	FNB	62.82
5	HOLLARD	58.84

CELLPHONES

1	SAMSUNG	86.82
2	APPLE IPHONE	83.43
3	HUAWEI	68.57

BUSINESS PRINT MEDIA

1	BUSINESS DAY	73.49
2	FINANCIAL MAIL	72.30
3	SUNDAY TIMES - BUSINESS TIMES	69.25
4	MAIL & GUARDIAN - BUSINESS	68.22
5	FINWEEK	64.04

MEDICAL AID

1	DISCOVERY HEALTH	79.50
2	BONITAS	63.42
3	MOMENTUM	56.27

WHISKEY, BRANDY, VODKA AND GIN

1	JAMESON	76.52
2	JOHNNIE WALKER	75.94
3	GLENFIDDICH	75.39
4	CHIVAS REGAL	75.36
5	THE GLENLIVET	72.19

FIBRE-TO-THE-BUSINESS

1	VODACOM	66.70
2	MTN'S SUPERSONIC FIBRE	66.07
3	MWEB	65.21
4	OPENSERVE	62.81
5	AFRIHOST	61.92

INTERNATIONAL AIRLINES

1	EMIRATES	85.33
2	BRITISH AIRWAYS	73.63
3	QATAR AIRWAYS	69.20
4	SINGAPORE AIRLINES	63.02
5	KLM	52.56

International Airlines

Two main players in the air space

The Emirates B777-300ER.

Emirates, British Airways take the top spot in the ratings for all-round convenience

By **SAMANTHA DU CHENNE**

The airline market is a highly competitive one with a plethora of internationals offering inbound and outbound flights to and from SA.

According to a recent Amadeus study, 37% of travellers prioritise competitive pricing, followed by convenience of the flight departure time and departure airport (31%). Increasingly airlines are having to leverage their offering beyond price to offer a more personalised experience to travellers in an effort to gain brand loyalty.

One of the most sought-after airlines for South Africans travelling internationally is Dubai-based Emirates, which has been operating locally for the past 24 years.

What's resonating with travellers is the airline's brand promise to ensure passengers enjoy their flights and have a memorable experience, says Emirates regional manager for Southern Africa, Fouad Caunhe. "The drive to innovate and be better is hardwired into the Emirates DNA. We were the first airline to introduce personal screens in every seat in every class; we led the way for better on-board international telephone and Wi-Fi services; we pioneered private suites in first class; brought bars and shower spas on-board; and we continue to introduce game-changing products like virtual windows."

What gives the airline its edge, he says, is a premium on-board experience for passengers, irrespective of class. Emirates was the first airline to introduce two fully equipped shower spas in its first class A380 cabin and also to offer first and business class passengers exclusive use of the on-board lounge on the upper deck of the A380.

The superior travel experience offered by Emirates extends to on-the-ground services too: a chauffeur service is offered from selected airports, while first- and business-class passengers benefit from a dedicated check-in desk and priority baggage handling. Families can make use of free strollers for younger children at Dubai International Airport and enjoy priority boarding, irrespective of the class they are travelling.

Both Emirates and British Airways have benefited from the problems at SAA, which have seen the once respected airline fall prey to state capture and corruption. Emirates and British Airways currently dominate the two most profitable routes out of SA: Johannesburg to Dubai and Johannesburg to London.

The airline marketing landscape tends to be a cluttered environment, making it hard for brands to stand out in this space. Many brands also use their marketing and advertising to promote a product they can't deliver on, says Shaun Pozyn, head of marketing at British Airways (operated by Comair). "What's important for customers is providing a great customer experience that pulls through at every touch point," says Pozyn. "Although we have been a franchise partner for British Airways Plc for the past 23 years, we've managed to entrench our proudly South African spirit into our offering."

Banking

Year of the customer

By **MERRICK PARKER**

The new kids on the block have not made their mark yet on SA's banking sector but they have shaken up the competition.

The introduction of three new retail banks – TymeDigital, Discovery Bank and Bank Zero – has brought what some heralded 2019 as the "year of the customer". The new players are expected to offer further variety of choice to the SA consumers who have limited options.

The SA Reserve Bank's Prudential Authority's annual report for the 2018/2019 financial year, covering the state of the country's banking and insurance sectors, found that the sector is dominated by five large banks, which collectively hold 90.5% of the total banking sector assets as at March 31 2019. The top five grew their share marginally from the 90.2% held last year.

Basani Maluleke, CEO of African Bank, says the banking landscape has become very competitive and in the bank's view this meant that all service providers will have to offer better service, improved pricing as well as convenience to South Africans.

"It all stacks up well for the end user, who can afford to be more discerning."

Basani Maluleke, CEO of African Bank.

Maluleke says African Bank is well positioned to provide differentiating services and products and generate sustained financial and operational growth. "Over the past three years we have invested in technology and expertise."

According to the Citi Bank report Bank X published earlier this year, SA is unique in that retail bank charges are a meaningful portion of a bank revenue that does not come from charging interest on loans. Citi said this attractive pool of cash close to R37bn has lured three new banks into the market.

FNB has repeatedly been ranked as one of SA's most innovative brands. It pioneered digital banking in SA, as the first to launch a banking app in 2011, and last year it introduced the option to open an account with a selfie. But the 180-year-old lender is part of the established order that is being challenged, and the group will have to adapt.

Raj Makanjee, CEO of FNB Retail, says the group has always had a rich offering for clients which is supplemented by a strong rewards programme in eBucks. But he says the lender would have to continue to adapt and change with the times.

"Innovation has been a cornerstone of our success and our commitment towards pushing the boundaries to deliver convenient and client-centric solutions across transact, lend, invest and insure to our customers has been fundamental to our success." But to tackle the future, he says the group would be shifting focus to a bigger purpose of becoming a platform player.

"Our approach is one of 'digital when you need it, human when you want it' and we are enabling our frontline with robo-advice tools in our move towards being an integrated financial services provider."

The group, which provides life insurance to roughly 3.7-million policyholders, introduced robo-advice tablets to 500 branches in April this year. The tablets allow its staff to sell comprehensive underwritten life cover and investment products.

Globally, not all digital banks have performed as anticipated on the high expectations raised at their launch. PwC research on the impact of digital disruption on the banking sector found that new banks would use an agile development approach and established a business model based on monetising customer insights through carefully built communities.

"We believe digital entrants in SA will use this recipe to achieve the same impact in the local banking sector. The four universal banks are not powerless to address the challenge posed by these new entrants." the report said.

PwC said the established banks had a "principal advantage" of having such a large customer base, roughly 31-million retail customers. The report said that to maintain this advantage, and meet the challenge posed by fast-paced entrants, the four universal banks will need to develop clear innovation strategies and operating models. "They will also need to embed a culture that supports agility and measured risk-taking."

Capitec was the first to challenge the established norms of SA's banking sector by offering a simplified product that is built upon client-centricity.

Francois Viviers, executive of marketing and communications at Capitec, says over 5.5-million of the group's clients use its digital banking platforms, making Capitec the country's largest digital bank.

One approach singled by Capitec to keep an advantage was to further push cashless transactions. Cash-based transactions cost more.

"A recent poll we conducted on Twitter shows 55% of consumers still use cash for everyday purchases. We strive to help consumers bank better, which means helping facilitate this shift to digital banking in SA is important to us."

Couriers

DHL proves a favourite with customers and takes the top honours

Picture: 123rf

This year's new entrants trounce the SA Post Office in the service stakes

By **PENELOPE MASHEGO**

The growing demand for fast-delivered products bought at online shops has seen courier companies including DHL, FedEx and The Courier Guy stand out as firm favourites for South Africans.

This year, courier companies are making their first appearance on the Sunday Times Top Brands with DHL taking first place followed by FedEx and third place going to the Courier Guy.

Digital technology is at the heart of the successes that the companies have been enjoying, leaving behind the SA Post Office, whose digital strategy has failed to take off.

According a World Wide Worx's Online Retail in SA 2019 study, SA's online retail is set to pass the R14bn mark, making up 1.4% of total retail.

Megan Roper, spokesperson for DHL Express, says the company has enjoyed impressive growth in the past few years in both traditional and e-commerce services, which she describes as having "taken the region by storm".

DHL is no stranger to the African market, having enjoyed almost 50 years on the continent after it opened its first express courier business in SA in 1978.

"Online shopping, and e-commerce in general, has been an enormous force in driving our business growth. Brand Africa (DHL'S eShop) is something that has increased exponentially in popularity in recent years, which provides great opportunity for businesses in SA, and across the continent," Roper says.

As part of its digital business, DHL launched Brand Africa in SA last year as well as the DHL Africa mobile app.

The eShop puts more than 200 US and UK-based online retailers at the fingertips of African shoppers, whose parcels are delivered by DHL express to their doorsteps.

Roper says: "This is yet another opportunity for DHL to reaffirm its commitment to supporting the growth of e-commerce in the region."

DHL's digital strategy does not end there. The company has also started a cashless trade initiative, which enables shoppers to buy goods without using cash.

DHL partners with different types of retailers, from start-ups to established brands, opening up their businesses to international trade.

"Often, retailers choose not to promote their businesses internationally and worse yet, will turn down international sales interests due to the misconception that it's too difficult to manage and deliver. That's where we come in, it's all about streamlining their logistics so that businesses can focus on their core services offerings and products," says Roper.

She added that customer-centricity is at the heart of DHL's success, setting it apart from its competitors. US multinational, FedEx,

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Car Rental

Industry still popular with customers

Avis Budget Rent-a-Car.

Industry survives the entry of popular e-hailing services

By **PENELOPE MASHEGO**

SA's top car rental companies continue to be a favourite with South Africans, even in the middle of the disruption caused by technology and e-hailing taxi services in the industry.

This year Avis, Europcar and Bidvest took first, second and third place respectively as the top three car hire companies in the Sunday Times Kantar Top Brands survey.

According to the The Car Rental Industry in SA 2018 report, revenue in SA's car rental industry grew by 3.6% in 2017 to R5.2bn. Business car rentals were the main drivers of this growth, accounting for 53% of sales.

The report shows that SA has bucked the global trend of ride and care sharing that has affected car rental markets in other countries, with the local car hire sector continuing to grow. However, the local industry has not been immune to the changes that come with technology and have had to incorporate more innovations such as information technology and social media into their businesses.

Lance Smith, executive sales for Avis Budget Rent a Car SA, says: "The taxi hailing business has had no measurable impact on our business. If anything, it has increased the demand for mobility offerings as customers start to move away from vehicle ownership. This trend away from ownership will accelerate in the years to come when autonomous electric vehicles truly enable mobility as a service."

Smith says Avis's moves to digitise its business and make it mobile friendly has been well received by the company's clients. Avis uses different types of technology to make car rentals easy for its customers. In addition to making use of the company's website, customers also have access to various apps as well as paperless kiosks.

Those who stick with Avis are rewarded as part of the Avis Preferred Loyalty programme, through which they earn discounts and vouchers.

Smith says the company's employees and the service they deliver are what sets it apart.

"Our people and the service they deliver is the main reason we remain the favourite with car rental customers because if you check most car rental companies are at the airports, we all have similar cars and prices," he says.

In the next year, car renters can look forward to self-serve using an app on their phones.

"This will mean the ability to select the car they would like to drive (subject to availability) and go straight to their rental vehicle avoiding the kiosk and the need to queue," Smith says.

Europcar was second on the list of favourite car rentals. The company has grown its business from a single branch with a few cars to over 20,000 vehicles in over 85 locations in Southern Africa, including 120 branches in SA, Namibia and Botswana.

In 2016, Bidvest Car Rental introduced SA's first keyless car rental fleet with the launch of its app Snappdrive, a move that further cemented its status as one of SA's leading car rental companies.

This year, Bidvest is in third place as SA's top rental car brand. The car rental company has a fleet of 13,500 economy, luxury and speciality class vehicles. Its services include car rental, Van and Truck Rental, Chauffeur Drive, Door2Door Transfers, Snappdrive and Coach Charter.

Paulette McGhee, CEO of Bidvest Car Rental, says: "We have shifted our service offering forward into the future, innovation is everywhere and we are extremely excited that Bidvest has been first to introduce this logical evolution of the Car Rental offering, it really is as simple as arrive, unlock and drive.

"This quick and efficient car rental experience combines flexibility and convenience, free of any queuing and human intervention and allows for a seamless transition from plane to car, saving customers valuable time whenever they travel."

Snappdrive is also Bidvest's answer to the competition posed by taxi hailing services. McGhee says the app combines flexibility and convenience, while saving customers valuable time.

He added that one of Bidvest's key focus areas is to provide Snappdrive to the leisure market, since it is where the greatest opportunity for the company's growth is.

At the heart of what makes Bidvest one of the best car rental companies is its philosophy of personalised service to customers.

"The average operating period of the branches is 10 years with the unique advantage of understanding both local and national customer needs and having the flexibility to meet these needs," he says.

This philosophy is strengthened by the average staff experience of nearly seven years. "[It] brings with it enormous car rental knowledge, intellectual property and the skill flexibility of being able to meet and exceed customer service requirements across the full spectrum of short-term mobility needs," McGhee said.

Petrol Stations

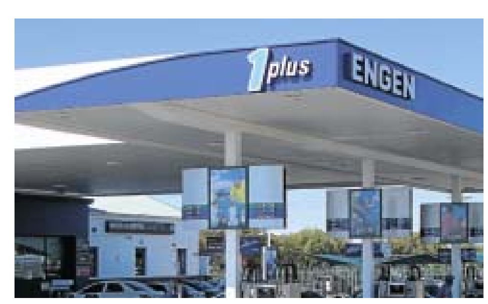
Engen 'ticks all the boxes'

The biggest consumer of fuel in Africa, the fuel retail industry in SA is a highly competitive one. According to the department of energy, there are almost 5,000 petrol stations in the country. Estimations put their collective annual turnover between R220bn and R320bn.

A global trend has seen decreasing fuel volumes as a result of continuous innovation in vehicle-efficient technology, which means consumers don't need to refuel as frequently. Coupled with this is a growth in the convenience retail sector, as service stations around the world strive for alternative revenue streams. SA has been no exception.

Although fuel sales remain the biggest contributor to a service station's bottom line, it is the forecourt offering including convenience stores, restaurants, banking facilities and coffee outlets that are driving customer loyalty. As such there has been a worldwide move towards making the look and feel of service stations more appealing. Fuel loyalty programmes have become increasingly prevalent as fuel retailers attempt to attract repeat customers. In this year's Top Brands survey, Engen has once again been voted as SA's most popular petrol station brand. BP followed in second position, followed by Sasol, Total, Shell and Caltex.

Engen general manager for Retail, Seelan Naidoo, says: "At Engen, our brand promise 'With us you are number one' is about delighting customers, and that's what drives every action we take and decision we make. Engen remains a compelling, top of mind destination for fuel and convenience needs. We maintain a firm focus on consistently invigorating our brand and associated offerings, never standing still, and continually seeking relevant and innovative ways to meaningfully impact our customers lives."



Engen petrol station.

● **From Page 19**

SA and the rest of Africa, present great potential for growth.

The company, which employs 450,000 people worldwide, has 690 airplanes and processes 15-million transactions every day, came in second place with an index score of 62,06.

"It's a pretty big organisation and we are going to make it bigger here in Africa. We are bullish on Africa ... it's our last frontier. We've done a couple of acquisitions here in the past few years, I think it shows our interest in Africa," says Mike Higley, FedEx vice president for Sub-Saharan Africa operations.

The company that prides itself on fast shipping and shorter transit times is eyeing the continent's projected population growth as a new frontier for its business.

"Where there is population [growth] there are opportunities, where there is population [growth] there are SMEs popping up. You've got these mom and pop places popping up with two, three, four or five employees doing

Picture: Timothy Tilley

something ... manufacturing something and they need a way to get it beyond their small township or city or wherever it may be. So we as FedEx in Africa are able to connect their ideas or their possibilities throughout the world," says Higley.

The company has built its business through agents it partners with across Africa, giving it a footprint of 98% to 99% of the continent. He adds that FedEx would continue to build on its current digital strategy.

SA courier company, The Courier Guy, took the third spot with a score of 61.53.

> **The demand for online shopping has been a boon for the courier industry**

The company, which turns 20 next year, was founded by its MD Stephen Gleisner in 2000, and has since grown its customer base to 30,000. The Courier Guy's origins story starts with Gleisner delivering a parcel as a favour for a friend, on his day off work.

Soon news spread across town that there was a new courier service that delivers items for R20, and with just R2,000 in his pocket and a motorbike, Gleisner took the "favour" to new heights, growing it into a business empire whose annual turnover exceeds R700m.

The demand for online shopping has been a boon for the company.

"The largest growth of our 30,000 customer base has come through the online market. This is mainly due to start-ups by entrepreneurial 'mom and pop' setups, which we find very exciting as this is how The Courier Guy started back in 2000," says Helga Steenkamp, franchise and HR manager at The Courier Guy.

In the past three years, the company has seen an annual growth rate of 40% and continues to innovate its business and find new opportunities.

One such innovation is its dedicated delivery service, The Courier Butler, a cash internet offering, a Kiosk Express and Smart Lockers.

Meet the Lockers is a new concept where clients can send and receive parcels through The Courier Guy Smart Lockers.

The lockers will be placed in strategic places such as shopping centres, petrol stations and strip malls — making it more convenient for clients to receive and ship parcels.

Alcohol

Heineken, consumers' favourite tipple

Beer brand is even upgrading production facility

By **ASHA SPECKMAN**

Beer brand Heineken, the winner of the beer category in the Top Brands survey, is not frothing over the state of the economy. After all, consumers are voting with their wallets and are demanding more premium-brand tipple.

Spurred by the growth, Heineken SA – a partnership between the Dutch brewer and Namibian Breweries – is upgrading its brewing facility, which it launched in Sedibeng in Vereeniging in 2010 to produce many gallons of the drink.

The renovation will boost production capacity to 7-million hectolitres from 6-million hectolitres, which is still a drop in the ocean of global beer production led by China and the US.

But SA's beer market is significant in its own right.

Gerrit van Loo, MD of Heineken SA, says SA was one of the largest beer markets on the continent, although the downside was marginal annual growth.

But this could change. "We are courting new consumers who are choosing to switch to our brands," Van Loo says, even as Heineken continued to enjoy a brand loyalty from its existing customers.

Heineken popularity continues to grow. Picture: www.heineken.com

An SA beer market study published by Euromonitor International in July 2019 found that Heineken SA "continued to impose its presence in beer, following its split from Brandhouse Beverages in 2016".

In 2017, Heineken bought craft brewery Stellenbrau as consumer interest in craft beer gained momentum and as mainstream breweries identified an opportunity to improve the distribution of craft beer.

But brewers are chasing a new frontier to keep up with the ever-fickle tastes of consumers. Low or no-alcohol drinks are in vogue and Heineken, which also produces Windhoek Lager, Amstel and Strongbow apple cider, has "great ambitions" to tap into the growing trend of moderate drinking, Van Loo says.

Globally, according to a Marketwatch report published in December 2018, Heineken was among leaders of non-alcoholic drinks alongside Anheuser-Busch InBev, Erdinger Weibbrau from Germany and Big Drop Brewing in the UK.

The market for non-alcoholic beer by type, which includes alcohol-free and 0.5% alcohol, is expected to reach a value of $3bn and will grow at a compounded annual rate of 8.29% by 2023 – that is in the next four years.

As much as the demand for unisex beer is rising, millennials are driving innovation by demanding easy drinking beer, which is light in alcohol and calories. The switch to non-alcoholic or low-alcohol beer has also been heightened by anti-drink and driving campaigns, according to Euromonitor International.

"Technology is playing a pivotal role in our sector, from improving efficiency in our brewing and distribution processes, and of late, the manner in which we service our customers, for example, how they are able to procure our products," Van Loo says.

But despite this, cannabis-infused beer was "not part of the immediate plans for the SA market", in spite of it being an ambition that Heineken SA's mother company was pursuing, he said.

Investment

Leader of the investment pack

By **ASHA SPECKMAN**

Investment managing company Allan Gray has shot to the top of the investment companies category in the Top Brands survey this year, surpassing iconic rivals such as Coronation Asset Managers.

Allan Gray leads the top-10 list of investment companies in the survey, followed by Investec, Old Mutual Investment Group, Sanlam, Liberty, Momentum and Alexander Forbes ahead of Coronation, which is in eighth place. Discovery Invest and Stanlib are ninth and 10th respectively.

The investment industry has realised limited new flows so far this year. According to statistics for the quarter and the year ended June 2019, released by the Association for Savings and Investment SA (Asisa), net inflows for the year were R143bn.

Sunette Mulder, senior at Asisa, says investors had "lost their appetite for general equities over the past year". They had instead turned to SA Multi Asset – high-equity portfolios which provide higher returns over the long term but with added diversification from other asset classes.

Political and economic uncertainty in the global and domestic environments have resulted in challenging conditions for the investment industry.

Allan Gray, overall winner. Timothy Tilley

Tamryn Lamb, head of retail distribution at Allan Gray, says the macroeconomic outlook and popular sentiment have soured somewhat over the past 12-18 months.

Considerations by the ANC about prescribed assets – which if it becomes government policy, will allow the state to dip into pension funds to finance national objectives – have not resulted in a higher rate of withdrawals by Allan Gray clients, although some have raised concern about prescribed assets.

Rather, "The impact has been mostly on sentiment, compounded by conversations around land reform and the National Health Insurance policy, which are all making investors nervous, and adding to the desire to take assets offshore," Lamb says.

Business and consumer confidence were also negative, with "statistics pointing towards continued decline and difficult (economic) times ahead," she added. Given the uncertainty, investors sought safer options.

Sangeeth Sewnath, deputy MD at Investec Asset Management, says: "The bulk of the industry flows have been concentrated into the perceived safety of fixed-income funds – not surprising, given the political uncertainty and volatility of recent years."

Sewnath says substantial offshore investment flows have largely dried in the industry over the year, "given how currency dependent they are".

But while the investment industry had seen very limited new flows, Investec Asset Management had attracted significant net flows into its retail funds and institutional businesses.

Investec Asset Management manages in excess of R2-trillion globally, with an investment team of more than 190 professionals in SA, the UK, US and Asia.

Sewnath says over the next five years, Investec expected global equity markets to provide improved returns to the SA equities portfolio. But the domestic stock market did pose "significantly more risk to return outcomes". Therefore, Investec's flagship fund was more heavily skewed to global companies with "enduring competitive advantages that form barriers to entry and provide pricing power".

Similarly, a top-performing fund for Allan Gray, its Balanced Fund, is mandated to invest in a variety of asset classes, which reduced "the risk of being overly exposed to a poorly performing asset class at the wrong time," Lamb says. Since inception, the fund has outperformed its benchmark, which is the average balanced fund in the SA multi-asset high-equity sectors and has delivered returns "well in excess of inflation", she adds.

But ultimately, SA government bonds remain the best investment opportunity.

Sewnath says: " While this may seem counterintuitive, most of the risk has already been priced in, and with yields of around 8.9%, offer higher risk-adjusted return potential than the retail, banking and property sectors."

Growing popularity among shoppers

Nedbank's Green effort endears it to consumers

By **LYNETTE DICEY**

Loyalty and reward programmes have become increasingly popular in SA with the average South African belonging to a surprising nine programmes, according to research by consultancy, Eighty20.

However, not all programmes are proving to be successful.

Those that fail, says Steve Burnstone, CEO and head of analytics at Eigthy20, do so because, from a customer perspective, the rewards are not worth the effort or are not relevant to customers, the programme lacks innovation and evolution, the company fails to adequately communicate or market the programme, it offers only limited earning options, there is a lack of personalised offers and rewards, it's difficult to use or understand, or there is a misalignment between the brand, product or service.

"A loyalty or rewards programme is built on the assumption that customer behaviour will be positively impacted with the cost of rewards offset by the incremental profit due to the change in customer behaviour. In other words, if the rewards are based on discounts of existing products, the cost of the rewards to the company are reduced by the profit margin of the goods being discounted," he says.

During challenging economic times when consumers are more price-sensitive, loyalty programmes should be leveraged to give greater perceived value in order to defend existing profitability, he says.

Loyalty programmes are a key lever to acquire customer data and understand how customers interact with their brand.

"This data, if effectively managed, can be used to provide a better experience for customers and also drive significant value to the business.

"With an increasing focus on data privacy concerns, businesses will need to work hard to balance compliance, customer expectations of personal experience, and going beyond what is appropriate, or risk facing significant financial penalties as has been seen with recent GDPR fines."

The big question, however, is whether consumers are being adequately rewarded for the data they unwittingly share with brands.

Rob Anderson, CEO and founder of digital rewards company Brand Hubb, says most loyalty programmes rely on a push model to reward consumers with points for buying their products or services, or as a reward for certain behaviours, in the process collecting valuable data about the consumer's buying habits, but do little to build sustainable brand loyalty.

"Many brands push their own agendas through their loyalty programmes rather than that of the consumer, and are not adequately rewarding members for the data they provide," he says.

The future of the reward landscape, says Anderson, will increasingly be focused on non-intrusive pull strategies which reward consumers for voluntarily engaging directly with brand content that is both entertaining and educational. Two of the most successful loyalty and reward programmes locally are Pick n Pay's Smart Shopper and Clicks' ClubCard loyalty programme, both of which

Loyalty and reward programme cards. Picture: Timothy Tilley

regularly top the rankings of SA's most popular retail rewards programmes.

Smart Shopper, launched by Pick n Pay in 2011, currently has more than 7-million active members. The programme is increasingly offering more personalised discounts, which has resulted in a significant increase in customer redemptions.

Last year Pick n Pay launched the Smart Shopper Stokvel card, which caters specifically for stokvel groups saving for groceries, providing all the same benefits as Smart Shopper, as well as additional grocery and product promotions.

No monthly management fees are charged and the first cash deposit each month is free of charge. When it comes time to withdraw savings, an authorised member simply visits a bank branch and places a notice of withdrawal.

The money is then paid directly into a Pick

> **It's vital that rewards programmes add real value to the consumer's world**

n Pay account and the funds that have been made available can be spent at participating Pick n Pay outlets within 24 hours.

This means that stokvel members never have to withdraw and carry large amounts of cash. Pick n Pay also offers free delivery for purchases over R30,000 within a 15km radius of its participating stores to stokvel card holders, while an in-store stokvel champion is available to assist groups with queries and telephonic orders.

The first retail loyalty programme to be introduced to SA, the Clicks ClubCard programme, is the largest loyalty programme in the country with more than 7.5-million active members.

Free to join with no monthly membership fees, the programme's biggest differentiator is its ease of use. To stand out in an increasingly cluttered loyalty environment, it's vital that rewards programmes add real value to the consumer's world, says Rachel Wrigglesworth, chief commercial officer at Clicks.

"In addition to being easy to join, loyalty and rewards programmes must be easy to participate in and rewards must be uncomplicated," she says.

Consumers who sign up to Clicks' ClubCard programme earn one point for every R5 spent in store with a point equating to 10c. Those members who qualify for cashback rewards are paid every two months, directly into their ClubCard.

Members can earn additional points through programme partners such as Shell, Discovery Healthcare, Sorbet, The Body Shop, Musica, SpecSavers & Execuspecs, City Lodge Hotel Group, Europcar and NetFlorist.

All of SA's four largest banks offer rewards programmes and, interestingly, all four made the top 10 in this year's Top Brands survey.

However, it is Nedbank's Greenbacks which was the most highly rated in this year's survey among banks.

FNB's eBucks, which was the first bank in the country to offer a rewards programme, inched into this year's survey at number 10.

Coca-Cola Beverages SA's Bizniz in a Box project has to date trained more than 570 young entrepreneurs.

Social Investment Award

Coca-Cola's recycling initiatives pay off

Takes top honours in the consumer category, while Vodacom wins business category

By **SAMANTHA DU CHENNE**

Brand sustainability in the modern era extends beyond being environmentally conscious and caring for the planet to also having a social conscience and investing in the wellbeing of communities.

The Sunday Times Kantar Top Brands awards recognise those brands and companies that make an ongoing investment in corporate social responsibility. This year's winner in the consumer category is Coca-Cola, while Vodacom wins the business category.

Coca-Cola has a multifaceted approach to corporate social investment. The primary role of the Coca-Cola Foundation is to support the implementation of projects that improve health within communities. It invests mainly in community projects and prioritises water, fitness, recycling and education, while also providing funding for organisations working on HIV/Aids prevention and sex education.

The company's recycling efforts have had significant success. The key to successful recycling in Africa is bringing together different producers along the value chain, in the process creating jobs and stimulating a circular economy where polyethylene terephthalate (PET) packaging has value and life beyond its initial use, president of Coca-Cola Southern and East Africa, Bruno Pietracci, has been quoted as saying.

PET recycling industries have to date been established in eight countries — SA, Kenya, Mozambique, Namibia, Tanzania, Uganda, Zambia and Zimbabwe. The most successful of these is the PET Recycling Company (Petco) in SA which was established by Coca-Cola and other like-minded partners, to promote and regulate PET recycling.

A not-for-profit organisation, it collects a voluntary recycling fee from converters and importers of PET resin, the main material used in the manufacture of plastic beverage bottles. This fee is used to fund local recycling partners for every kilogram of post-consumer PET they buy from collectors, in order to sustain the recycling sector.

Petco has been particularly successful. Last year it collected and recycled 65% of all

> **Bizniz in a Box is an effort that is aimed at reducing unemployment in SA**

PET bottles in SA into new products. The Coca-Cola Company aims to collect and recycle more plastic than it puts out into the market. Through Petco it achieved this milestone last year.

The world has a packaging problem, says Pietracci. "Like many companies that make products that we all love, our packaging has contributed to this global challenge. We recognise our responsibility to help solve this challenge," he says, adding that the company is confident about the progressive steps it is taking to accelerate the achievement of its World Without Waste ambition.

Bottler, Coca-Cola Beverages SA (CCBSA), meanwhile, has introduced a concept it calls Bizniz in a Box in an effort to reduce unemployment. Bizniz in a Box aims to create an ecosystem of viable community-based micro-businesses, using spaza shops as their anchor. Operating out of custom-designed containers, each business is intended to meet a community need such as an internet centre, car wash or fast food outlet. To date the initiative has trained more than 570 young entrepreneurs.

Vodacom, on the other hand, through the Vodacom Foundation, contributes to societal development through a focus on education, health & safety and security. It has made a commendable effort to integrate CSI into all aspects of its business.

In partnership with reputable organisations, it has granted over R1.2bn towards various programmes including anti-women and child abuse, facial reconstruction surgeries and even providing internet connectivity at schools since 1999.

Recognising that it can't make an impact on all 17 of the United Nation's Sustainable Development Goals, the company has selected seven to drive its business strategy, with the Vodacom Foundation focusing on two primary streams: education and gender empowerment.

Early education development has been introduced into its education programme, where it has focused on 15 such centres around the country.

In addition, the company has established a centre for gender-based violence, which provides survivors with IT skills training.

It also established a partnership with the United Nations and SA Women in Farming, in the process developing an app which connects women farmers across the agricultural value chain, as well as providing these farmers with computer literacy training.

Green Award

Reward for saving the environment

Coca-Cola, Nedbank honoured with consumer loyalty

By **SAMANTHA DU CHENNE**

Consumers are increasingly demanding that the brands they support take greater responsibility for the environment. Those brands and organisations that heed this call and are taking a stand on environmental issues are being rewarded with growing consumer loyalty.

The Sunday Times/Kantar Top Brands for 2019 recognise the top green brand in SA in both the consumer and business category. In the consumer category this year's winner is Coca-Cola, while Nedbank is the number one green brand in the business category.

In SA, Coca-Cola has taken a proactive stance on environmental issues, all of which are managed by the company's philanthropic arm, the Coca-Cola Foundation.

The foundation has been actively involved in water conservation and strategic investments to manage key watersheds in order to optimise the country's water supply into the future.

Along with implementation partner, Living Lands, it invested in catchment restoration in the Baviaanskloof in the Eastern Cape, in the process successfully restoring 1,460 hectares of degraded land.

Invasive alien vegetation is a significant problem in SA, consuming vast quantities of water in catchment areas. The Coca-Cola Foundation is investing $1.3m in five projects through the Replenish Africa Initiative (Rain) to remove invasive alien plants from five water catchment areas. The projects aim to clear more than 750 hectares of alien vegetation by employing 130 people with a focus on providing training, mentorship and job opportunities for women and youth.

This project is not the first time the Coca-Cola Foundation has been involved in Rain projects in SA. In 2018 it provided seed funding for The Nature Conservancy's Greater Cape Town Water Fund on the Atlantis Aquifer. This project, which will come to an end towards the end of this year, currently employs more than 50 people.

Coca-Cola has an ambitious World Without Waste global goal to help collect and recycle a bottle or can for every one it sells by 2030. It also aims to create packaging that contains at least 50% recycled material by 2030 and to ensure that all consumer

• Continued on Page 25

The Coca-Cola Living Lands project.

● From Page 24

packaging is 100% recyclable by 2025. In December 2018 The Coca-Cola Company announced a $38m investment, over a three year period, to stimulate polyethylene terephthalate (PET) plastic collection and recycling in Southern and East Africa.

Together with its bottling partners it has to date invested more than $5m to boost recycling industries in eight countries. The company expects to achieve an average collection and recycling rate of 80% by the end of 2019.

A runner-up in this category in 2018, Nedbank is a well-deserved winner of the Top Brands Green Award in the business category. Considered SA's greenest bank, Nedbank has a long history with environmental initiatives through the WWF Nedbank Green Trust, which funds innovative projects to help solve some of the many socio-environmental challenges facing SA.

The trust, jointly founded by Nedbank and the WWF in 1990, is administered by WWF-SA and funded by Nedbank's Green Affinity Programme. The Green Affinity is one of four options given to Nedbank clients under the Affinity Programme to support a cause of their choice. Their support costs customers nothing as Nedbank donates on their behalf.

Over the years the trust's focus has evolved from conserving sea turtles and Kalahari lions to a more recent focus on climate change, water conservation and environmental leadership initiatives

The WWF-SA Water Balance Programme is an initiative that ensures healthy and effective water source areas in SA through the removal of invasive alien plants.

Top and left: Landowners, BirdLife SA and stakeholders perform biodiversity tests in Memel, Free State. Photo C. Uys

Nedbank donated R12m to this programme over an eight-year period, effectively balancing current operational water usage by ensuring an equivalent amount of water is not lost to water-thirsty invasive alien plants.

From 2019 the long-standing relationship between Nedbank and WWF-SA will enter its next phase, with the establishment of a new R25m conservation partnership supporting water security, reducing land degradation and improving local economic opportunities for rural communities in the Eastern Cape over the next five years.

Sustainable agriculture practices are vital, given the significant strain that could potentially be placed on food security in SA as a direct result of a dysfunctional food production and consumption value chain.

The WWF-SA Sustainable Agriculture Programme was established to promote innovation and drive responsible farming practices to reduce environmental impacts on constrained water, energy and soil resources and to maintain healthy, natural ecosystems in large-scale commercial, small-scale and communal farmlands. In the six years that Nedbank has partnered with and financially supported the programme, it has invested R18m in support of WWF-SA's work with farmers, agricultural industry bodies, consumers and government.

The bank's green credentials have long been embedded in its business strategy. It was Africa's first carbon-neutral financial organisation and has been carbon-neutral since 2010. In 2018 the bank was induced into the FTSE4Good Index, a global responsible-investment index for companies that demonstrate strong environmental, social and governance practices.

It was also one of only 11 companies to score an A- for its performance in the 2018 SA Carbon Disclosure Project Index, in recognition of its corporate environmental action on climate change.

Nedbank has also been included on the Dow Jones Sustainability Index since 2004, and was listed in the Emerging Markets Index in 2018.

Vodacom is this year's top brand. /Picture: SIBONGILE NGALWA

Telecoms

War of the mobile operators intensifies

Vodacom takes the top prize as service providers expand their offerings

By **MUDIWA GAVAZA**

2019 has indeed been an eventful year for the telecommunications operators.

Local operators have also continued to innovate as they seek to diversify their revenues beyond the legacy voice business, entering content streaming, gaming, mobile payments, instant messaging and insurance among a host of diversification efforts.

In the world of music, Vodacom and MTN both launched music streaming services, MyMuze and MusicTime! respectively, this year, both with fundamentally different business models to international players such as Apple Music, Spotify or Deezer.

Cell C's Black and Telkom's LIT streaming platforms continued to expand their offerings this year.

The world of financial services looks to be the next frontier to conquer for local operators. Vodacom says: "As Africa's biggest mobile money provider, the lives of over 50-million people have been transformed, especially in countries such as Kenya and Tanzania, through the likes of M-Pesa by delivering financial independence."

MTN will launch its MoMo (mobile money) service in its two biggest markets – SA and Nigeria – by year end, with Telkom saying it will soon launch its own mobile payment and insurance products.

The country's largest mobile operator by subscribers, Vodacom, is this year's top brand.

At the SA Investment Conference in 2018, Vodacom committed to investing R50bn in SA over the course of the next five years. "We expect to invest over R9bn this year alone on network enhancements, modernising our network infrastructure and connecting people in deep rural areas through our rural network acceleration programme," Vodacom says.

Up from fourth in 2018 to third on our list this year is Cell C. Recently appointed CEO Douglas Craigie Stevenson says: "Cell C has focused on service and value to build brand loyalty among its 16-million customers over the past 12-18 months."

Beyond the realm of selfies and filters, consumers are taking to social media to engage directly with local companies and brands, a metric now used to assess customer satisfaction and brand loyalty.

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Fibre

Industry shows steady growth

Cost cuts draw in new customers, and honours

By **MUDIWA GAVAZA**

In a data price-sensitive environment, fibre to the home (FTTH) and fibre to the business (FTTB) continue to be the means by which large volumes of data are consumed in SA.

"Fibre is on average 24% cheaper in 2019 than in 2018," says Juanita Clark, CEO of the FTTX Council Africa, an industry body for fibre companies.

Fibre remains very popular because of the speeds it can provide, low latency and its stability which is critical for consumers who stream services and businesses that demand high-speed broadband for applications such as cloud computing, Clark says.

Recent statistics show that about 1.5-million homes in SA currently have access or fibre.

This year's top fibre company with a score of 66.70 is Vodacom, which says it put much focus on its fibre business in 2019. "This has enabled us to deliver 54% growth in the number of houses passed on our own infrastructure, while increasing total households connected by 138% for the year," the operator says.

Vodacom says delivering a better customer experience, scaling their sales channels to make it easier for customers to obtain fibre, partnering with additional wholesale providers to increase the market opportunity, and growing its own fibre roll-out to increase coverage has helped it to grow in the market.

Telkom, on the other hand, is attacking the fibre market on two fronts with both its Telkom Fibre and Openserve businesses making it onto the Top Brands list.

The telco says it began its large-scale roll-out of fibre in 2015, and has since seen a massive uptake in fibre adoption.

"Telkom is actively encouraging customers to move to fibre where there is access. We also believe that no-one should be left behind, therefore earlier this year we rolled out fibre access in Soweto and are working with the government and other stakeholders to roll out fibre access to other areas in SA," the company says.

MTN, which came in second on the list with an index score of 66.07, says its FTTH business, Supersonic, has doubled its consumer fibre base in the past year, and aims to get to 25% market share within the next four years.


Juanita Clark, CEO of the FTTX Council Africa.

The operator has invested substantially in submarine (under-sea) cables to improve its broadband capacity and is the biggest investor in the West Africa Cable System (WACS), a submarine cable that links SA and the west coast of Africa to Europe.

Another top-10 player on the list, Vox Telecom, has been growing rapidly and is a company to keep an eye on. Jacques du Toit, CEO of Vox, says: "Over the past financial year we have seen a subscriber growth of 145% on FTTH and between 30% and 40% on FTTB.

"FTTH is still growing and relatively new, therefore there is a lot of hype around it and as such a rapid uptake from early adopters, whereas FTTB has been around longer," he says.

Vox is working to expand their areas covered to Protea Glen East and West in Soweto, with work having commenced in the West. "We expect to pass up to 25,000 homes upon completion of the project," Du Toit says.

The rise of the internet has brought with it changes in the rate of connectivity, and with the advent of video and music streaming, uncapped fibre plans are becoming more and more popular.

Although there are much negative sentiments around an underperforming economy, Clark says although the economy has been underperforming for a number of years, the fibre industry continues to show steady growth.

Consensus among fibre companies is that uncapped packages at a speed of 20 megabites per second (Mbps) and 50Mbps have become big favourites for South Africans.

The fastest speed available on Openserve and Vodacom's fibre is 200Mbps, with Vox offering up to 1Gbps.

The next evolution will be 5G and its integration with fibre. Until it happens, it may be too early to say how the roll-out in SA will impact the fibre industry.

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Earlier this year, BrandsEye reported that Cell C was placed top among SA's telecommunications sector for fastest customer response and most positive sentiment among consumers using social media.

BrandsEye's South African Telecommunications Sentiment Index analysed 538,740 consumer social media posts relating to SA's four major telecoms from December 2018 to February 2019.

An ever-increasing demand for connectivity, especially data, along with a tough economic climate means that customers will remain loyal if they're receiving value, good network coverage and service from their mobile provider, says Stevenson.

With about 29-million subscribers in SA, the country's second-largest network, MTN, also comes in second on our Top Brand list for this category.

MTN says it believes that building a high-performing network lies at the heart of its strategy of transforming customer experience. It is for this reason that the mobile carrier has invested R43.6bn over the past four years to expand its 3G and LTE network footprint across the country.

At the beginning of December, MTN launched its 11,000 LTE site in Qatywa in the heartland of the Eastern Cape, pushing MTN's LTE coverage to 90% of the population.

Telkom has had a good year in 2019, seeing with the best rate of subscriber growth in the sector. The operator saw an 85.9% rise in mobile subscriber to 9.7-million, up from 4.5-million in the previous year.

Telkom says it has succeeded as a brand because of its commitment to the customer. "We pride ourselves on looking at customer needs and providing quality, affordable, and future-looking solutions that meet those needs."

Consumers are taking to social media to engage with brands

"We are the industry leader in terms of lowering data prices and are offering packages that perfectly fit the needs of the SA consumer. As long as we continue to listen to our customer and offer affordable, innovative solutions, we will continue to see growth in our mobile business."

With the Fourth Industrial Revolution (4IR) now upon us, telecoms are working to increase internet access across the country, further aligning with President Cyril Ramaphosa's vision. Vodacom's CEO Shameel Joosub is a member of the Presidential Commission on the Fourth Industrial Revolution, with Telkom boss Sipho Maskeo helping to spearhead efforts through the 4IRSA Partnership.

Vodacom, in partnership with the department of basic education, has connected and maintained 92 teacher centres and provides connectivity to over 3,000 schools across the country. "We have also trained over 250,000 teachers on the use of information and communication technology in the classroom," the company said.

MTN has pledged to create 1,000 jobs in support of the YES (Youth Employment Service) campaign. Through its 21 Days of Y'ello Care, which takes place in June every year, the operators says: "We also contribute bicycles to children who would normally need to walk 10km or more each day to get to school. This year saw more than 2,000 children across the country benefiting from the initiative."

Stevenson says: "Over the past three years,

Cell C has provided connectivity to 1,360 schools in rural, township and disadvantaged areas.

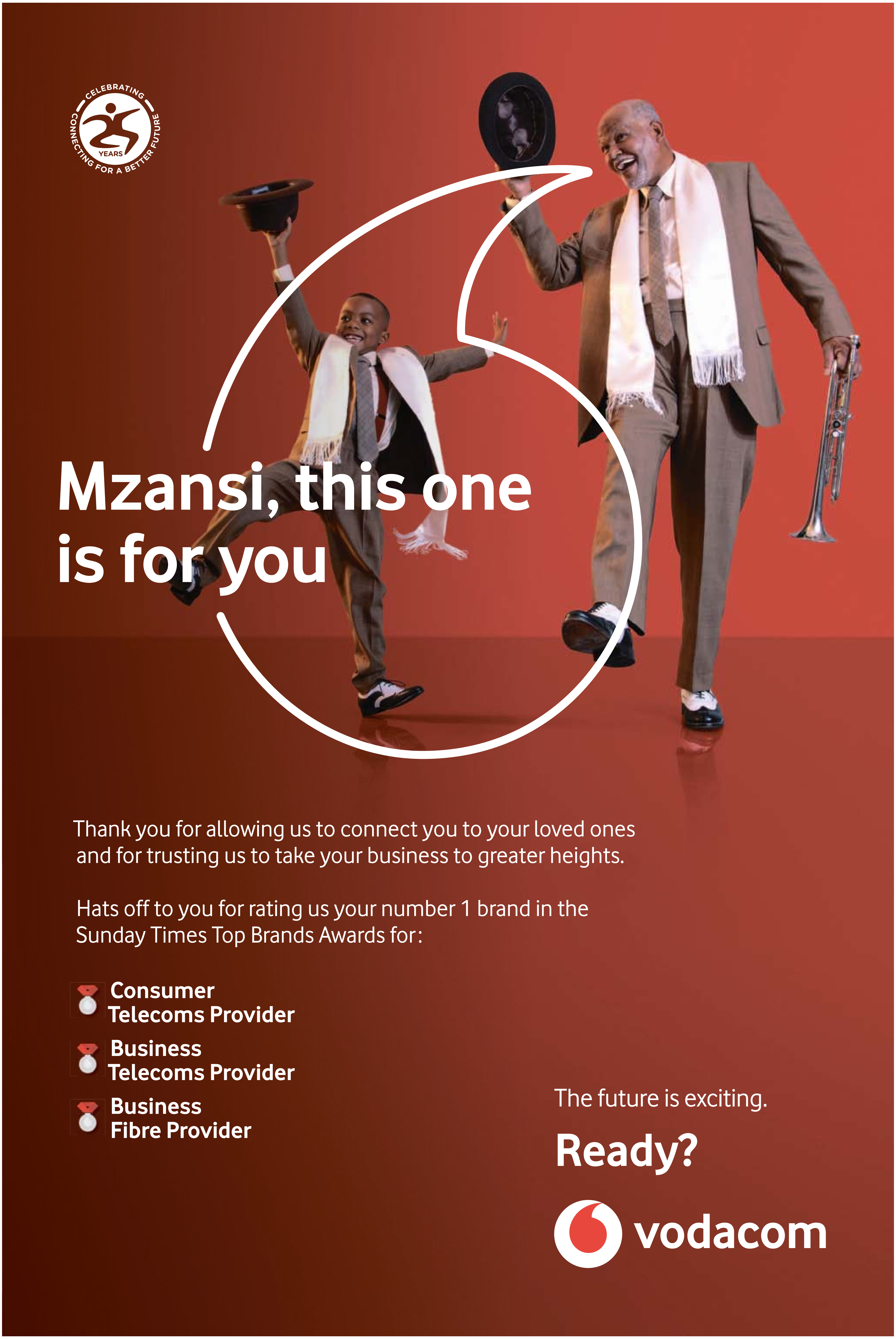
"Our belief in the future is underscored by our continued commitment to the Cell C Take a Girl Child to Work Day initiative."

In May, Telkom was excited to launch the first fibre roll-out in Soweto. Residents, schools and businesses in Diepkloof and Orlando West will now receive faster connectivity and a better network experience.

The availability of fibre in Soweto supports the township economy revitalisation strategy.

Looking ahead, operators agree that the issuing of new spectrum by the government is necessary to provide better services and lower data costs in the country.

Of particular concern is rolling out 5G services to enable a new generation of connectivity, together with greater understanding of how the wholesale open-access network will work.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