BUILDING BRANDS IN A RAPIDLY CHANGING MARKET: LESSONS FOR SOUTH AFRICA

May 2014
On April 27th 2014, democratic South Africa turned twenty years old. It has been quite a journey! Very few countries have undergone such rapid change in such a short period. We have been through violent upheavals and reconciliation euphoria, economic growth and a global recession. We confront new challenges and battle, in many ways, with persistent challenges that were left to us by the pre-democracy era. One thing is for sure and that is that our society has changed. South African consumers look, behave and think differently to the consumers of the past. We want to know if brands are keeping up and if so, how?

Strong brands both reflect and push society forward. They are deeply embedded in local insight and understand cultural shifts and nuances. What it takes to build a strong brand in South Africa today is very different from what it took twenty years ago. Are any brands doing it well? Or is the marketing profession running after today’s consumers with tools and messages meant for a different era or a different part of the world? And are the old rules of marketing still relevant?

**HAPPY BIRTHDAY TO US!**

Do you recognise anyone at the party?

May 2014
There are many questions answered in this paper. Here are a few that we think are particularly important to think about:

1. Have we assumed that democracy would lead to a more homogenous culture?

2. Have we assumed that heritage and brand love will remain relevant as the country moves forward?

3. Have we made the foregone conclusion that needs will differ by income level?

4. Have we assumed that because we’re local we’re automatically more relevant?

5. Have we really understood our social role and how that impacts on brand?

What’s the purpose of this paper?

This paper is not about ranking brands or quantifying consumer attitudes. We have consolidated many sources of information and we aim to show that there are key lessons to be learned from brands that have managed to remain relevant over the past twenty years. Some of these lessons align to global trends while others point to shifts in culture, society, demographics and other factors specific to South Africa’s journey over the past twenty years. By reviewing these lessons we aim to stimulate thinking and provide a practical reference for good marketing and brand building in our country – now and into the future.
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Transformation over the past twenty years has not been restricted to politics or government. South African society has shifted in many ways. A few of the most important changes thus far:

1. We’re a bigger market:

South Africa’s population has grown by more than 11 million people in the past eighteen years, to about 52 million - making us the fifth most populous country on the continent.

2. We’re more urban:

The lifting of apartheid-era restrictions on freedom of movement, the depressed economic state of our rural areas and the opportunities of the big city have been drawing people to our cities ever since 1994. As the economic heartland of South Africa, Gauteng has overtaken KwaZulu-Natal as the most populous province, despite its tiny geographical footprint. The informal settlements and townships of Johannesburg, Cape Town and Durban sprawl further every year, despite efforts to upgrade and improve them. It puts a strain on service delivery, but it has also created a new urban buzz. There are numerous urban subcultures and a dynamic mix of traditional and modern behaviours, beliefs and contexts for marketers to grapple with. At 63%, we are the one of the most urbanised nations in Africa.

3. We’re much wealthier:

Despite the gloomy handwringing of many commentators, the economy has grown for nineteen of the past twenty years, and the per-capita wealth of South Africa has doubled. The World Bank now refers to us as an upper middle-income country. This puts us in the company of countries like Brazil, China, Thailand and Venezuela. The number of people with access to services, housing, electricity, transport and household assets has increased dramatically, although poverty has fallen modestly relative to other emerging markets.
4. Our inequality looks different, but it’s worsening:

The good news is that South Africa’s middle class is entirely multi-racial. Black incomes are rising faster than white incomes, the black middle class is now larger than the white middle class and spends more as a consumer set every year. Unfortunately, the growth of the black middle class has not been enough to dramatically change the fortunes of most South Africans. 70% of South African households still earn less than R5000 a month, and taken as a whole, inequality between the rich and the poor has worsened since 1994. Inequality has also increased in a number of other emerging markets over the past twenty years, such as China and India, but it is not necessarily a characteristic of emerging markets - Brazil, for example, has made significant strides in reducing inequality over the same period.

5. We’re integrating very, very slowly:

Twenty years after the birth of our ‘rainbow nation’, integration remains dishearteningly slow. Research by the Institute of Justice and Reconciliation in 2013 found that only 17.8% of us often or always socialise across racial lines at home (27.4% at work), while a full 56.6% of South Africans rarely or never interact with South Africans of a different race.

We do, however, mix in shopping centres and public transport, at sports events and shisa-nyamas, in public spaces and precincts like Maboneng and Braamfontein. Many South Africans may be failing to live up to the Castle Lager ads of the 1990s, but we still love and feel inspired by the brands that help us transcend historical differences – and there is enormous opportunity for brands to pick up this momentum.

6. We’ve become mainstream:

Our integration into the rest of the world has been quicker and more successful. It began after the lifting of sanctions and has been accelerating in the past few years. We’ve hosted World Cups in soccer, rugby and cricket. We’ve become a common stop-over for musicians on world tours, we’ve won Oscars and launched famous celebrities, works of literature and businesses. Many South African brands, such as SABMiller, Shoprite, Standard Bank and MTN have become behemoths across the continent and global brands, from Walmart to Barclays to Vodafone, have become increasingly interested and aggressive in South Africa. We observe, in our research, how younger South Africans are more open to international brands than older South Africans are. It’s time for local brands to up their game.

South Africa is a much better place to live in than it was twenty years ago. And this changing context has given rise to new consumers and segments, new subcultures and paradigms and entirely different sets of needs and expectations. We have found that very few brands really understand how to connect with this new mindset.

And the improvements in quality of life for South Africans are only part of the picture. We continue to struggle with persistent joblessness, poor education and inequality – and brands would do well to get serious about helping to solve these problems. It is important for market stability, and because our research indicates that contributing to South Africa’s success is an important driver of brand affinity for consumers.
The shifts in economics, migration and globalisation have resulted in a new kind of South African consumer. Like the rest of the world, the average South African consumer has become better informed, better connected and more empowered through digital and social channels. This change is accelerating throughout the world – as power, information and influence are democratised through social media.

In South Africa, the shift to better informed and demanding consumers has been coupled with the rise of entirely new consumer segments over the past twenty years - newly wealthy consumers who have none of the loyalties of previous generations and none of the baggage, either.

Business and brands have had to gear themselves to cater to entirely different people. And they are doing so with limited success.

The rise of the black middle class has been one of the most dramatic changes in democratic South Africa. As first generation middle class consumers, they have very different needs and contexts to the predominantly third-generation white middle class. Understanding these consumers has been the goal of countless studies – thankfully, since early character sketches were of crude materialism and bling consumption.

The black middle class is not a customer segment. There is huge variety of needs and outlooks within this new consumer class. Demographics are of limited use when marketing with insight and nuance – and they are becoming increasingly irrelevant, as we will argue in this paper. Nonetheless, an interesting (albeit generalised) dynamic of the black middle class that differentiates it from ‘traditional’ consumers is where anxieties and tension reside. Many black middle class consumers experience a tension between traditional customs and roles and contemporary life and values. Many feel anxious about supporting others and worrying about falling back to less secure socio-economic levels. These have profound implications for products, services and tone of messaging.

UCT Unilever Institute, 4 Million and Rising: SA’s New Black Middle Class, 2013
Our research shows that the homogenous born-free generation is a myth – at least in brand preference terms. Young black South African consumers have very different brand preferences to young white consumers – whereas, in older generations, these brand preferences are more aligned. Young black consumers also have very different preferences to their parents. This is unlike white consumers, where young generations choose similar brands to their parents. These Always-Frees have similar contexts and lifestyles to their parents.

Black born-frees are charting their own path. They are not adopting the tastes of their white counterparts, nor do they follow the tastes of older black consumers. Many even feel ashamed of the brands that they grew up with. This puts brands that have been historically successful in black communities in a strange position, it proves that brands that are 'cool' with white youth have nothing guaranteed, and it presents an enormous opportunity for new brands to earn the love and loyalty of this new cohort of consumers and shoppers.

Source: Yellowwood customer research – mobile survey: March 2014, 900 consumer responses across JHB and Cape Town
Has Branding Kept Up?

Marketing and branding played an active role in encouraging social change in the early days of democracy. Castle Lager and SAB in general were famous for depicting mixed-race bar scenes and groups of friends at a time when very few people actually lived a reality like that.

“Marketers and their agencies have always had to grapple with a simple but challenging dilemma: should advertising reflect the reality of today’s societal structures, or should it attempt to lead its audience along the path blazed by early adopters?”

asked Andy Rice in the History of Brands & Branding. Do you tease and provoke, or play it safe? Leading brands of the 1990s in South Africa were clearly of the view that South Africa’s national development needed some encouragement. And it paid off for them – SAB ranked consistently as one of South Africa’s favourite brands in every year of the Sunday Times Top Brands Survey until 2008. Our research has confirmed that South African consumers love brands that get us to interact with one another.

Sport has often been used to encourage social interaction, and sports-related and aligned brands have done a lot of work to push South African society forward. The 2010 FIFA World Cup was a powerful moment in the work of building the South African brand, and by bringing people together the brands involved created a huge groundswell of love and support for themselves. No one can think about those days without thinking of MTN, Coca-Cola and, if you live in Cape Town, the giant Hyundai vuvuzela on top of the unfinished highways.

12 Brandstanding on the rise, in The History of Brands and Branding, 2011
The early trail-blazers have largely gone quiet, though. And those old methods of connecting with South Africans and bringing them together have become tired (see the insert below). To continue to inspire consumers, brands need to find new commonalities and more personally relevant references. Bland and generic multi-racial montages don’t really do very much anymore, but it is possible to bring people together in personally relevant ways if you understand your customers’ passions and frustrations and have a market segmentation that prioritises need-states, psychographics and behaviours.

A brand that has done this well is Nando’s. Their humour is silly and light-hearted, but it is based on razor-sharp insight into South African consumers – from the way people feel about news, to subcultures (such as izikhothane and Afrikaans “poppies”). In laughing at ourselves, they get South Africans to feel that warm sense of togetherness in less clichéd ways. It is encouraging social change, by stealth.

"The SA man is always stereotypically portrayed. Rugby, braais, cricket, brandy, beer, hanging with the boychies. None of those things are who I am. It feels like there is a dumbing down of personality to appeal to a wider audience."
Male respondent, 31-40

The macho oke metaphor is tired. It is irrelevant to the experience of the majority of modern male South African consumers. Our research reveals that technology is the new ‘vehicle’, for male consumers. Instead of VW and BMW, tech brands rank highly as favourite brands among male consumers. MTN, Samsung, Nokia, Sony and Cell C are also among the most transformed brands for males.

The old stereotypes also put female consumers off. We found that women were nearly twice as likely as men to prefer international brands over local brands. Creating meaningful connections requires brands to offer more than shallow stereotypes.

THE MACHO OKE REACHES HIS SELL-BY DATE
How Is Marketing Doing Today?

To understand who is doing a good marketing job and connecting with the emergent psychologies of shifting South African consumers, we did a number of things.

1. We analysed the Top 10 brands of the Sunday Times Top Brands Survey over the past seventeen years to identify trends, patterns and lessons from those that had done consistently well, those that had risen to prominence in recent years, and those that had fallen out of the rankings.

2. We ran open-ended mobile questionnaires with 900 people in Johannesburg and Cape Town to get their views on which brands they feel best understand them, what their favourite brands are, which brands they believe have most transformed in line with South Africa and whether they prefer local or global brands. The respondents were representative of income spread and metro South African demographics.

3. We analysed successful marketing campaigns over the past few years and conducted desk research into global and local trends, business news and brand case studies.

4. We undertook face-to-face video interviews with ‘born-free’ consumers and ‘always-free’ consumers.

Please note: we are not trying to compare data across the sources above. Rather, we have reviewed each independently and provided and aggregated insight view at a meta-level. Case studies that are highlighted in this paper come from brands that have done well generally across these studies.
The Sunday Times
Top Performing Brands Since 1997

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How to read this chart:

Vertically: shows which brands were in the Sunday Times Top 10 Brands that year
Horizontally: shows how often a brand was in the Sunday Times Top 10
Numbers in each block indicate that brand’s position in the Top 10
Colour fades from darkest (number 1) to lightest (number 10) to show a visual representation of continuity and performance over time

Source: Sunday Times Top Brands Survey
SOUTH AFRICAN MARKETING RELEVANCE REPORT CARD

The Yellowwood mobile survey conducted early in 2014 gives some indication of those brands that consumers feel are most relevant to them today i.e. which best understand them, which are their favourites and which they believe have most transformed in line with South Africa.

There is a large insight gap in South African marketing. Many brands are still communicating in cliché, operating with a superficial understanding of their customers and their needs, and compromising quality. Our economy and brands were geared to serve a niche population twenty years ago, and although society has changed since then, few brands are keeping up. Most have not shifted their product and marketing mix sufficiently and do not understand the emotional hooks required to connect with consumers in order to feel relevant to them. This is especially true with young, black middle class consumers. And the lower income market remains under-serviced.∗

When asked which brands consumers believed had best transformed in line with South Africa, “none” came out in second place, and young South Africans were particularly unconvinced. Young South Africans are also more likely to prefer international brands and chose an international brand as their favourite brand and as the brand that best understands them.

Retailers have done well – and especially so amongst women. They understand changing customer tastes and needs, offer South Africans what we want and are transforming how they do business – from opening stores in townships to re-evaluating their value chains and investing in communities. Brands such as Shoprite, Pick ‘n Pay and Woolworths perform consistently well on the dimensions of transformation, affinity and understanding – interestingly, these are brands where consumers can experience relevance first hand; in store while interacting with the offering on a regular basis. The presence of a store in a relevant location, the attitude of a cashier, or the evidence of a real commitment to community is tangible and immediate. Technology and communication brands do particularly well with men. MTN’s communications and operating model are hugely relevant to the South African context, and FNB’s forward-looking, innovative and generous approach to banking resonates with a new generation of South African consumers.

∗To see the brands doing great work closing the gap between the formal and informal economies and innovating to bring new products and business models to the mass market, see Yellowwood’s 2013 white paper, Transformative Innovation: An African Path to Success.
Yellowwood Research: The Most Relevant Brands in South Africa, 2014

**WHICH BRAND HAS MOST TRANSFORMED IN LINE WITH SOUTH AFRICA:**

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<th>Brand</th>
<th>Percentage</th>
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Source: Yellowwood primary research – mobile survey: March 2014, 900 consumer respondents across Johannesburg and Cape Town

**WHICH BRAND BEST UNDERSTANDS YOU?**

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<th>Brand</th>
<th>Total</th>
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Source: Yellowwood primary research – mobile survey: March 2014, 900 respondents across Johannesburg and Cape Town

**FAVOURITE BRANDS:**

**Top Brand List**

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Source: Yellowwood primary research – mobile survey: March 2014, 900 consumer respondents across Johannesburg and Cape Town

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South Africa is witnessing the birth of ‘hybrid consumers’, who shop across the price spectrum. While in developed markets this trend is leading to the abandonment of mid-market retailers, in South Africa it means that the same consumer is buying PEP clothing and Carvela shoes. It means a wealthy woman from Sandton may shop at both Woolworths and Shoprite. It means that shoppers may skimp on certain items and be ruthless in their quest for the lowest prices, so that they can spoil themselves with something luxurious. We’re characterised by mid-market consumers and shoppers with no desire for middle-ground offerings. Quality or value has to shine through at every level.

The relationship between price and income is not linear, and works nothing like anyone thinks it does. We all love, want and increasingly demand value – it is not just something mass market shops need to offer less well-off consumers. Whether finances are tight and it is a necessity to get more for your money, or finances are not so tight but we don’t want to feel ripped off - South Africans all value value (and we all love a freebie!)

Value is about getting the balance of price and benefit right. Price, although very important, is not the only consideration – even for the lowest income consumers. Consumers weigh up their choices and make decisions based on a number of factors – such as product quality, reputation, customer service, time of the month, whether the item is a once-off luxury or a common purchase, and how it makes them look and feel.

And premium doesn’t necessarily mean good. The South African marketplace is evolving and cost and exclusivity are no longer the only short-hands for high quality. For some, brands like BMW are great brands because they are expensive, but the majority of respondents in our research who chose luxury brands as their favourite brands listed things like ‘beautiful design’, ‘luxurious experience’ and ‘high quality’ as the reasons they loved them. Quality is about the intrinsics of the product, service or experience. Exclusivity and high prices appeal to a certain need-state of consumers who are driven to stand out and flash their status – across the income spectrum from izikhothane to up-and-coming executives. But it needs to be clear why the product or service is worth paying for - whether it is hand-crafted attention to detail, the finest ingredients, or superior performance.

Marketers need to expect all kinds of consumers, and to have a plan to engage them and delight them regardless of socio-economic status. Front of house staff need to be less assuming about customers, and to remember that they are not walking demographics. It also means that if you are going to charge more than your competitors, you really need to immerse yourself in the customers’ life to understand their drivers of status, and have the ‘value-based’ and valuable proof-points to justify the cost.
South Africa has a dark, terrible history in which human rights were ignored and people were treated with utter disdain. The psychological scars of this period are still with us, and as a result, many South African consumers are particularly sensitive to being disrespected. Unfortunately, feeling respected by a brand is still frighteningly rare – especially amongst lower income consumers, but with many middle class consumers too. Brands would earn enormous loyalty from simply treating their customers with a more ‘human’ respect. It is one of the major drivers of brand affinity for brands like Shoprite, Pick n Pay and Pep – they treat their customers, some of whom may be people who are unaccustomed to being treated well, with respect. In our research, “customer service” came through strongly as a reason for loving and choosing a brand. One respondent chose Pep because “they take care of us” and another loves Shoprite “because of the way they treat their customers.”

No one likes to feel poor. It was enlightening in our research to hear a respondent say that he loved USave because there, “there is no poor,” and to see that a mid-income female respondent liked Foschini because it has “classy clothes for the upper class,” making her feel more respected.

In our socially stratified society, it is imperative to tackle any prejudices your staff may have and to ensure that customers are treated with kindness and respect; that they are included and made to feel valued, important and at home. A bright, shiny and ‘exclusive’ brand may just be coming across as judgemental and unpleasant. It’s also worth remembering that word-of-mouth is disproportionately influential in emerging markets and so delighting a customer is likely to influence what others hear about your brand from him or her.

2. Respect is the ultimate customer service

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LOW PRICES ARE NOT JUST FOR THE POOR: SHOPRITE

Shoprite is South Africa’s over-all favourite brand, according to our research, and has particular appeal to those between 26 and 40 and to the middle income consumer market.

Shoprite is loved because it offers great value for money, and South Africans of every persuasion love that. The prices are consistently low, there is an enormous range of products on offer, and customers are treated with respect – something that is still far too rare in South Africa, for lower income shoppers. One respondent remarked “At USave there is no ‘poor’,” and another remarked that she loved Shoprite because “they serve us nicely.”

Shoprite has also been expanding its footprint to bring its stores to where the shoppers are (such as expanding in townships) and this is seen as a sign that the retailer cares about its shoppers.

What is interesting about Shoprite brand support is that it appeals across income segments. They are listed among favourite brands for both low income and high-income consumers. This paints an interesting picture of a new South African consumer – someone who is defined as much by what they value as who they are. We are seeing the emergence of the ‘hybrid consumer’ who will shop for the very lowest prices in order to save enough money for premium or super-premium products. The same consumer may buy groceries at Shoprite and shoes at Nike or Carvela. Are South African brands ready to cater for rich and poor in the same space?

3. Women want more

“You strike a woman, you strike a rock” sang the women in 1956. South African women are formidable. We have many female-headed households in this country, single, working moms and grandmothers as guardians. Women have been transcending ‘traditionally female’ roles in their careers. And yet, so much marketing in South Africa boxes women in and speaks in amateurish, girly ways. This relevance gap needs to close if brands are to sustain their relationship with increasingly empowered, demanding and discerning consumers who remain the primary shoppers.

Women are nearly twice as likely as men to prefer international brands over local brands. This shows that there is something that local brands don’t quite get. Some consumers told us it’s because “you don’t get the same kind of quality from local brands” and others said it’s because “local brands don’t keep up to date with the latest trends.” This seems to be borne out by the success of brands such as Woolworths and Mr Price in our research. While the one retailer focuses on quality and the other on affordability, both were loved for being fresh, contemporary and plugged into international trends and style.

It’s not just about a female love of fashion or a demanding aesthetic eye. Capitec, for example, is the only financial services brand ranked among the favourite brands of women. It is a new brand with a ‘clean slate’ approach to marketing – it does not prescribe, patronise or play to traditional financial services roles. They offer gender-neutral banking, and it works. Nike portrays women as powerful and driven in their advertising, and they are in the top three favourite brands of SA women.

Brands need to really understand where they are falling short with modern South African women. South Africa is still a relatively patriarchal society. Confront whatever stereotypes are still floating about in how you understand your customers, and invest in really understanding what is important to them.

4. Leading brands break down walls and broaden access

In a country where so many were denied access for so long, brands that give access to new things to those who have never had it before generate huge levels of love and loyalty. Leading brands find ways to give consumers more choice than they are accustomed to and give them access to experiences they would never have previously had. The barriers in South Africa are coming down – brands need to find better ways to accelerate the inclusion of the excluded. SAB helps entrepreneurs start their own businesses and access new markets, Shoprite and Pick n Pay help consumers have new experiences, services and access to a wider range of products at affordable rates.

In the case of Shoprite, they also make it physically easier to access a decent shopping environment by opening stores where customers are – cutting down travel costs and inconveniences for these shoppers.

5. Community is not a social media term

Consumers want brands who give back. They want to see their community, family and country succeed. It is not only an upper-income preoccupation or nice-to-have. ‘Giving back’ means different things to different socio-economic groups, but overall it is an important requirement for most consumers. Many lower-income respondents in our research offered Harambee as the brand that best understands their needs, and explained: “They help to make a difference to the youth,” “they are committed,” and “they help us to find jobs.” Similarly, the unexpected appearance of Avon in our results, as both a favourite brand and a brand that understands the needs of South

14 Yellowwood primary research – mobile survey: March 2014, 900 respondents across Johannesburg and Cape Town

15 Yellowwood consumer research – voxpop: March 2014

16 Yellowwood primary research – mobile survey: March 2014, 900 respondents across Johannesburg and Cape Town

17 Yellowwood primary research – mobile survey: March 2014, 900 respondents across Johannesburg and Cape Town
Africans, suggests that their model of empowering and employing customers (in their case, enabling women to create their own jobs as independent sales reps) is a powerful driver of brand preference and support. It also leads to a halo effect in marketing – in that all of those who are helped out influence their friends to try and buy the products.

Many new middle class consumers are anxious about slipping backwards on the ladder and are taking strain by supporting others. They would value brands that help them with that support; to some it may mean offering jobs and investing in their communities (such as Coca Cola and OUTsurance), to others it may mean building platforms that allow consumers to feel like they are contributing to the advancement of South Africa (such as the MySchool programme at Woolworths or the Add Hope initiative at KFC).

Brands that earn respect and admiration are those that realise we are a social species well beyond Facebook pages and twitter campaigns. We come from real communities, and we value brands that help those communities out. In a country like ours, which is recovering from division, nothing makes us feel as good as supporting a brand that removes some of those inequalities and iniquities, and there are huge opportunities for brands to better integrate ‘giving’ and ‘upliftment’ with their marketing. Check out the Yellowwood white paper, Doing Business On Purpose, for more on how brands can start to matter to their customers and employees by aligning themselves behind a relevant and meaningful purpose.

The increasing need for purposeful brands that invest in communities is also leading, in many cases, to the increasing prominence and consideration of the corporate brand. Consumers are looking to the company behind the product brand to check that it aligns with their values and priorities, leading to an interesting brand architecture dilemma: should the corporate brand build a reputation for care and community while the product brands centre their reputation on functional benefits? How different can these attitudes and positionings be, and what is the best way to leverage the two reputations together? The balance of forces will be different in each category and for each set of consumers, but one thing is for sure: jobs matter in South Africa and brands that can find ways to employ and empower consumers and their communities will earn love and loyalty. This doesn’t necessarily mean soppy, saccharine brand positionings; it’s just about finding ways to do business that benefit the consumer beyond their purchase.

South African consumers are becoming more diverse, not more similar. Young black consumers don’t necessarily follow the opinions of their parents or of white consumers. And in our research consumers younger than 30 chose a very fragmented set of brands as their favourite brands. It has often been assumed that democracy would make South Africans more similar. The story often told about born-frees is one of a new generation of South Africans that transcend racial barriers and speak with a united voice. The truth of the matter is that, like the rest of the world, media (and therefore the consumer’s voice) has become more fragmented in South Africa and mass communications are increasingly impotent to shift perceptions and influence behaviours.

Social and digital media have recently started to gain critical mass in South Africa, and their ability to democratisre and diversify brand influence will continue to accelerate. South Africa now has nearly ten million monthly active Facebook users, 87% of whom access the service via their mobile phones, and 5.5million twitter users, 85% of whom access it via their phones. As smartphones and data become cheaper and more widely available across all income levels, influencer marketing will become more widespread and sophisticated. According to Millward Brown, South Africa is the global leader in spreading positive word of mouth. South Africans are hugely influenced by friends and family and younger generations especially are more cynical about marketing and savvy to the tricks of the trade. As a respondent said in our interviews, “I think people are gaining a consciousness that in marketing, products get pushed on you. Hey, let’s decipher this. Is this really necessary? Is it something that I want?”

Consumers are transcending racial divides but the new reality is not any simpler. Consumers are now free to form their own identities and preferences. They are no longer boxed in by demographics and law, and can form friendships and fields of influence around shared interests and passions. They increasingly relate to brands on lifestyle, points of view and need-state rather than who they are or what life stage they are at.

6. We’re becoming more diverse

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7. Nostalgia is risky business

South Africa is still shaking off an awful history and almost all consumers don’t want to be reminded of it. This makes it difficult for brands in heritage categories such as banks, universities and luxury products – as well as brands that trade on a warm feeling of nostalgia for the past. While we speculate as to whether the Ouma of Ouma rusks has indeed switched races over the past twenty years, it’s worth considering whether it’s possible to build an inclusive history and brand story while remaining true to what has happened. What if modern consumers actively dislike where you come from or what you have done? Some brands may have skeletons in their closets that it will become increasingly difficult to hide.

The trend towards ‘clean-slate’ brands is global. Trendwatching.com says that “for rising numbers of consumers, brand heritage… has become at best irrelevant and at worst an active barrier.”

We have found in our research that many of the brands that resonate most with South Africans today are new, or at least focus almost entirely on the current day – brands such as MTN, Cell-C, Capitec and Apple.

Traditionally old-fashioned and old-South African brands have struggled to reinvent themselves. That is partially responsible for the decline of brands like Eskom and Telkom. It also makes it a difficult line to walk for homely brands that consumers grew up with – such as Lucky Star and Iwisa. Will consumers find it difficult to connect with these brands as they grow up?

If you are in a heritage category, find a way of making yourself relevant to the South Africa of today.

Think about whether your heritage is getting in the way of serving the new South African consumer. Don’t just do things in a certain way because that’s how they have always been done – break free of traditions and conventions that limit your ability to stay relevant.

THE POWER OF NOW: RISING BRANDS TALK ABOUT THE PRESENT

When analysing the communication of brands that have risen, fallen and remained favourites among South Africans over the past twenty years, an interesting trend emerged. The brands that are fighting their way to the top focus on the present – they talk about what they’re doing and how they can help, nearly 80% of the time. Old favourites that have remained popular get away with a little more heritage talk than the fast risers, and those that have fallen off the rankings focus least on the present. Their communications mix heritage and future plans – leading to a credibility gap.

Source: Yellowwood analysis of communication for Sunday Times Top Brands for the past 20 years.
KFC has risen dramatically in the Sunday Times Top Brands Survey over the past few years thanks to communication that speaks the customer language and taps into local, relevant customer experiences and stories. While sometimes met with controversy, KFC generally does an excellent job at building contemporary but nostalgic connections with South African consumers. Their recent ‘tastes like home’ campaign positions the brand as the taste that you grew up with, but in a profoundly modern way – using an international black South African family living in Thailand. That is a long way from the old Colonel.

Nando’s – Nando’s is loved by upper income consumers. They rank it number 2 for understanding the needs of South Africans and list it among their favourite brands. Their irreverent, ballsy humour appeals to consumers and makes them laugh at themselves. Their marketing brings the ‘fiery’ brand proposition to life, provokes dialogue and feels proudly local without being cheesy. “Nando’s is culturally inclusive and unifying - makes me feel like we are all connected through humour and current affairs” said one respondent. “[I like] the socio-political and often satirical nature of their ads. Light-hearted, yet thought provoking” said another. It is insightful into the contexts and buttons of middle class South Africa.

SAB – SAB fell off the Sunday Times Top Brands Survey in 2008 after an uninterrupted eleven years among South Africans’ favourite brands. This is largely due to SAB pulling back on advertising spend (they fell off the list of top ten advertisers in the country in 2004)\(^\text{21}\), and perhaps from pushing their own international brands. It is still a favourite brand amongst 18-21 year olds. Interestingly, Castle and SAB rank highly among white consumers for having transformed and for being favourite brands because “their emotive advertising makes you proud to be South African.”

MTN – Middle income consumers rank MTN highly for understanding the needs of South Africans (#2) and as a favourite brand. In our research, it is the 10th favourite brand in the country – the highest in tech or communications, and the 3rd most transformed brand in the country, according to low income consumers. With a slight male skew, MTN is loved for its bright, dynamic and positive communications, its customer service and reliable network.

MTN has a successful track record of innovating to make lives easier – from pioneering pay-as-you-go to launching MTN Mobile Money for the unbanked and the Mobile Money Reseller Project which gives ordinary South Africans the opportunity to make money while selling airtime – an important need for the majority of consumers. It is a ‘clean-slate’ brand, having been born in the new South Africa. And it is an optimistic, energetic and proud African brand. As one respondent remarked in our video interviews, “MTN is an African success story, and I like that.”

\(^{21}\text{Nielsen, TNS, Sunday Times}\)
SMALL, WITH A CHALLENGER SPIRIT
FNB & CAPITEC

FNB ranks as the most transformed brand for 18-21 year olds, and the third most transformed brand in the country overall – with equal appeal to men and women. The Sunday Times Generation Next awards 2013 also saw FNB get the award for ‘Coolest Bank’. Middle class consumers rank it highly for understanding the needs of South Africans. FNB is youthful, in-tune with consumers, approachable and talkative on social channels. It succeeds in making the dull financial services category ‘cool’ through innovation, technology and attitude. By positioning itself as the customer champion it earns the love of South Africans who feel overwhelmed and ripped off by a traditionally confusing, slow-moving and self-centred category.

This challenger philosophy also drives the Capitec brand, and it is for that reason that Capitec ranks among the most transformed brands for poorer consumers and among the favourite brands of wealthy South Africans – even though it is a value offering. Capitec is the only financial institution to feature in the top 10 favourite brands among female consumers, showing they have a refreshingly gender-neutral approach to marketing. They have an attitude that resonates with South Africans with our struggle history; they take on the big guys on your behalf. They do things differently, and that is something South Africans want more of.

CLOSER TO THE PEOPLE: GLOBAL BRANDS DOING LOCAL BETTER THAN US

Nike has transcended South African social barriers, being the favourite brand of lower income consumers (who think it gives them ‘swagger’) and is in the top five favourite brands for middle and high income consumers too. It is aspirational without being exclusive or disrespectful – utilising popular local culture icons and tapping into the appeal of African American culture in South Africa. It is high quality, well designed and comfortable. Its energetic, irrepressible attitude and philosophy resonate with South Africans – and it gets us, quite literally, out into the street with each other.

Coca-Cola is one of the world’s most successful brands. It has been the most consistent winner of the Sunday Times Top Brands Survey over the past seventeen years, is a favourite brand amongst our respondents and was ranked number 2 for understanding the needs of South Africans by male consumers. It is a happy brand, with really human marketing that celebrates humanity and friendship. Coke feels local because it celebrates local sports and culture, uses local names, employs local people and has unrivalled distribution and presence across the board into the most remote areas of the country.

Along with Woolworths, Apple is a clear favourite of upper income consumers, because of its simplicity and style. Products are sleek, modern, sophisticated and beautiful. A brand built driven by a purpose, and the user experience reflects that philosophy. It is thoughtful, minimalist and delightful.

What these brands get right: energy and optimism in their communications and brand philosophies. They are all about the consumer, not about themselves.
8. Size doesn’t matter

Conventional wisdom was that low-income consumers were fiercely brand loyal because they couldn’t afford to trial new products and services. And yet we found brands like Jiggies where Kellogg’s always used to be, listed among the favourite brands of this group. Among upper income South Africans, there is a strong preference for brands like Capitec and FNB, Yuppiechef, Woolworths and Cell C, none of whom are the largest players in their categories.

The declining fortunes of large brands like the big state companies also points to this emerging phenomenon of the South African consumer landscape: size doesn’t matter. Consumers won’t automatically trust your brand because it’s big and well-known anymore. They will try the small guys, look for offerings that fulfil a need and suit them, and for marketing that resonates with them. There is no shortcut to a good reputation anymore, except exceptional service and offering customers exactly what they want. Consumers have gotten smarter. And, if anything, the idea of ‘challenger brands taking on leading brands to offer you more’ appeals to consumers more than big brands that talk to their unshakeable size as a guarantee of reputation. As South Africa becomes more modern and sophisticated, consumers will come to value agility, relevance and responsiveness more and more.

9. Local is lekker, but vulnerable

An overwhelming majority (between 75% and 94%)22 of South African consumers claim to prefer local brands. The affinity is particularly strong among middle-income consumers, whereas both the very wealthy and the very poor have a slightly weakened affinity for local brands.23 This is an interesting finding since it suggests that not only are global brands more aspirational to many consumers, but they may also be more responsive and innovative to the needs of South African lower-income earners than local brands are.

Over the past twenty years the South African economy has opened up to global brands – both those returning after sanctions and those rushing to buy a stake in the emerging market boom. South African consumers are thus increasingly accustomed to global brands and younger consumers are less loyal to local brands for local sake than their older counterparts. Female consumers are twice as likely as men to prefer international brands – indicating that local brands may be missing an opportunity to connect.

Things are still rosy for local brands, but there are some worrying early signs among younger consumers, poorer consumers and women that brands need to better understand these customer segments and to start innovating to stay relevant.

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22 Yellowwood primary consumer research: March 2014, 900 respondents across Johannesburg and Cape Town
23 Yellowwood primary consumer research: March 2014, 900 respondents across Johannesburg and Cape Town

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![Graph showing the preference for local or international brands](image-url)
Great marketing is human and insightful. It demonstrates a deep and empathetic understanding of people’s contexts and taps into their human truths.

South Africa’s history and context has profoundly influenced the kinds of themes and stories that we tell one another, and the themes that inspire and motivate us. Brands that can authentically leverage these archetypal stories will connect with South African consumers in a way that really makes an impression. But as with all brand-building today, it requires marketers to do things that demonstrate these narratives, rather than just talking about them in an ad.

1. **SIPHO AND GOLIATH**

Stories of triumph over adversity really connect with us as South Africans. We are a nation that beat the odds and triumphed over centuries of conflict and chaos and, at an individual level, life is still a struggle for a large number of South Africans. Life can be very hard and we love to see people who are succeeding against the odds, taking control of their lives and rising up. A powerful association for young consumers, in particular, is freedom.

It is this archetypal story that gives so many campaigns in contemporary South Africa their power. The recent Bells ad, where a father learns to read so that he can appreciate the book that his son wrote resonates because it shows an old man taking on a huge challenge and succeeding. It is a story of hope and love. Johnnie Walker has run campaigns on it, as have Amstel and SARS. Respondents in our research loved MTN because it’s “an African success story.” Triumphant against the odds resonates with South Africans and this would also explain why we seem to love challenger brands in this country. The likes of Loxion Kulcha, Converse and Capitec are small, agile brands that take on the big guys for our sake, and they also approach marketing like outsiders who want to change the system – a powerful and empathetic stance in a country where many consumers feel the same way.
2. FRIENDSHIPS ACROSS THE DIVIDE

Modern South Africa is a nation founded on the ideal of reconciliation and the coming together of different people. This ideal is still hugely motivating to contemporary consumers, and it is this story of forming friendships across the inherited and unnatural divide that powered so much of the love for brands like Castle, MTN (during the FIFA World Cup) and Coca-Cola. Numerous respondents in our research cited Coke’s “share a coke with…” named cans as marketing that really caught their attention and appealed to them. Even brands like Woolworths, while not built on the idea of sociability or friendship, tapped into this narrative beautifully with the Soweto Gospel Choir flashmob they organised in honour of Nelson Mandela in December 2013. Stories about South Africans making friends across racial, economic and cultural lines make us feel warm and fuzzy and positive towards the brands that give us that feeling. This can be done in a humorous way, as Nando’s does it, or by facilitating real-world connection between different sets of people.

3. PROVIDING FOR THOSE THAT MATTER TO US

South Africa is a relatively ‘homely’ society. We like the idea of looking after our families and those we hold dear. Many consumers are struggling to provide for extended families and friends and love the brands that help to make that care easier. We are witnessing the rise of brands like Koo, Tastic and Lucky Star in the Sunday Times Top Brands Survey, and the affinity consumers feel for our retailers points to the same desire to provide for those we love.

New research by InstantAfrica finds that more than half of South Africans share meals with 2-3 other people, and almost a third of us have five or more people at the table at dinner time. Whether because of necessity or a culture of Ubuntu, South Africans spend a lot of time together, worry about being able to provide for others and like feeling that they can.

Respondents in our research loved the Simba ‘mapha’ campaign – an ad that talks about sharing chips with friends and family and tells the story in a warm, homely way (and in vernac!) The story of care does not just relate to food brands, though, and brands that can effectively show how they have helped customers provide for their friends and families, and helped employees and suppliers provide for those that matter to them, also resonate with us.

4. JOY AND ESCAPE

The sad truth is that life is still hard for many South Africans, and in some cases is getting harder. Brands that burst with positivity and give a sense of escapism really help to lighten the load. It’s no coincidence that people would list brands such as Nando’s, Kulula and Wimpy as iconic South African brands. Consumers love the stories of happiness that Coke tells, the ‘fun summer adverts’ of MTN and Vodacom and relate to the brands that help us laugh at ourselves and our situation, rather than letting it get us down.

*InstantAfrica, 2014

CHANGING SA: TIPS FOR CONNECTING WITH UNDER 25s

Themes that resonate: Freedom, individuality, fun, progress, status and ‘swagger’

Communicate with positivity, energy and pride in where Africa is headed.
Use humour to catch attention and bring people together.

Pockets are shallow but expectations are high. It’s hard work earning loyalty - invest in the relationship for the long-term

Understand how South Africa fits in in their world – ‘topical’ may not be in the news, and ‘cool’ will come from different places in different categories. Most like the idea and relevance of local, but expect inferior quality.

Be innovative in your use of technology. Mobile is their gateway to the world.

Most young consumers are savvy and distrustful of marketing – be honest with what you offer. No funny business.

Style trumps quality

Unite consumers on common interests – music festivals, sports tournaments, unique and buzzworthy experiences. Social influence is at its height.

Lower income young consumers are desperate for work – create job opportunities along the value chain.

Look out for talent and collaboration opportunities
TIPS FOR WINNING

WITH LOW INCOME CONSUMERS

Offer jobs, internships and opportunities for involvement in distribution, production or reselling
Make customers feel valued and important
Keep prices low. Innovate new business models to provide more for less.
Understand what drives status and what categories can command a premium
Location is important – provide access and be where your customers are
Tell stories about providing for loved ones
Product quality trumps brand. Don’t rest on your laurels
Be valuable

WITH MIDDLE INCOME CONSUMERS

Be positive and energetic in your communications – offer a sense of progress
Tap into consumer pride about South Africa and Africa
Help customers upskill themselves through training and educational marketing
Listen to customers, understand what’s important to them and be responsive to their changing needs, unmet needs and tastes
Affordability is still important, but so is quality – watch out for hybrid consumers
Don’t get stuck in the middle of the value equation

WITH THE NEWLY HIGH INCOME CONSUMERS

Tell stories that connect with ambition and hope
Help customers feel successful and reassured
Obsess about product quality
Innovate to keep things fresh, contemporary and ahead of global trends
Enable customers to contribute to their communities and give back
Charging a premium requires attention to detail
Value is still important
Go easy on heritage
Invest in the brand experience and design
Be values-driven
The brands that have won South African hearts have a number of things in common:

THEY HAVE A POSITIVE STORY TO TELL:

from Coke’s joyful world of local content, to Castle’s sense of camaraderie to Nike’s indomitable spirit of performance.

THEY ARE TAILORED BUT NOT EXCLUSIVE.

The brands that do well in South Africa today are not associated with any one particular group of people. Nike appeals to rich and poor, offering comfortable style that is aspirational to some and casual to others. KFC understands that fast food means something very different to different kinds of people, from a convenience to a treat – and taps into that emotional response without alienating anyone.

THEY ARE DRIVEN TO GIVE CUSTOMERS WHAT THEY WANT.

Whether it’s lowest prices or a minimalist and beautiful customer experience, leading brands ruthlessly do what is best for their customers and don’t lose focus. They have deep insight into their customers so that their offerings are relevant and their marketing taps into what the customer really cares about.

THEY PROVIDE CONSISTENT VALUE AND SENSE OF PURPOSE.

They are focused brands with a clear purpose and a portfolio of products, services and experiences that align with and reinforce that purpose.

Woolworths ranks #1 as brand that best understands South Africans amongst upper income consumers. It is South Africa’s third favourite brand over-all, and number #1 for women.

It is a transformed brand that transcends race – Woolworths ranks in the top five favourite brands for all race groups and both black and white consumers rank it highly for having transformed in line with SA.

Woolworths’ unrelenting focus on quality is what makes them so beloved by South Africans. Products are of the highest quality and the shopping experience is exceptional. Consumers “feel pampered” and that Woolworths “cares about my interests – I’m not just a statistic.” Woolworths gives shoppers access to internationally relevant fashions and trends at affordable rates, keeps things interesting through constant change and is stylish without being flashy. Marketing is tailored and relevant, and the good business journey resonates with South Africans’ desire for responsible, generous brands that give back and help them to give back.
1. DON’T TALK DOWN TO PEOPLE.
Value your customers, treat them with respect, appreciate their feedback, speak eye to eye and seek to delight them – no matter who they are. Confront any prejudices in your business.

2. DROP THE AVERAGES.
South Africa has a complex history and complex people – you can’t use averages or generalisations. Avoid the montages and be careful what you do with Big Data. There are no shortcuts to customer insight. Get to know the real people behind the numbers.

3. HAVE A POINT OF VIEW.
South African consumers relate to brands that have a story and values that they believe in. Bland, catch-all brands mean nothing. Nail your colours to a mast, and commit to the country and a point of view. Understand what’s important to your customers and the issues that make them hot under the collar and champion those. Make sure you know exactly why you are in business and that the opinions you hold are genuine and credibly aligned to your brand purpose.

4. REINVENT YOUR SEGMENTATION.
Demographics, life-stages and identities are increasingly irrelevant to insightful, effective marketing. Segment your market on behaviours, value systems and need states. Do you know why there’s a wealthy white woman in your PEP store? Do you treat a blue-collar worker decently in your fancy shop? Are you prescribing gender roles through your communications?

5. OFFER OPPORTUNITIES, NOT JUST PRODUCTS.
South African consumers are not just consumers: they are humans with anxieties and pressures and lives. They love and relate to brands that help them out beyond the product. Offer jobs and internships, give opportunities to informal traders, collaborate with consumers and their favourite brands. Think about OUTsurance using pointsmen for their marketing, or Coca-Cola using local bottlers and distribution businesses.

6. BE GENEROUS.
With South Africa’s inequality levels, there isn’t a huge amount of money in the bottom half of the pyramid. But there are enormous opportunities for brands that figure out how to unlock the potential of the whole market. Disrupt for your consumers and disrupt yourself – reinvent business models and value chains. Be generous with what you offer – give more and better for less. Don’t skimp on quality or style. Find affordable ways to create great customer experiences. Be the customer champion – it’s working for FNB, Cell C and Capitec.
7. **BRING PEOPLE TOGETHER.**

In a nation where many people are still divided and find it difficult to find common ground, South Africans love the brands that help us transcend our differences and venture out of our bubbles. Nike Run Jozi brought different people together around their love of sport. Old Mutual’s summer concerts at Kirstenbosch unite people around music, and Red Bull’s Vlugtag draws all kinds of people together for bizarre, high-energy silliness. What made the iconic Castle ads of the 1990s so successful can be harnessed well beyond television advertising: In 21st Century marketing it’s about real-life events and collaborations with consumers.

8. **HELP CONSUMERS HELP THEMSELVES.**

Make your consumers feel educated, informed and reassured. Give them the tools to look after themselves – whether this is in improving their financial literacy, or empowering them to make money themselves – such as MTN’s Mobile Money Reseller programme or Avon’s reseller model.

9. **MAKE THE CUSTOMER SMILE.**

Effective marketing is emotional. Leading brands are those that make consumers feel good – they don’t just make them buy things. Coca-Cola resonates with everyone because it is a brand centred on happiness and joy. Nando’s, Kulula and Wimpy make people laugh. Be playful in your marketing – humour is a great healing tool. But be very careful not to get the tone wrong. As a market, we have heightened sensitivities. The best way to ensure humour strikes the right balance is to have members of the target market in your marketing team.

10. **GET MOVING.**

South Africa has changed a great deal, but the change hasn’t stopped. We haven’t ‘arrived’ anywhere, and consumers will keep shifting and evolving in response to economic, technological and cultural factors. Global brands will continue to squeeze local ones – so start putting together teams that have the courage to be bold and the insight to be relevant.

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**CONCLUSION**

The last twenty years have been remarkable for South Africa. The consumer landscape is very different today, and yet the brand marketing environment has failed to keep up. Many brands are in search of growth across the continent when there are enormous opportunities for those that understand, respect and innovate for the unserviced market right here.

South Africa’s new middle and upper classes are hugely diverse, and will continue to diversify. Some customers will want first world innovation and the latest trends and technologies; others will want brands that celebrate Africa and Africanness, while others will just want you to understand the pressures they are under and make their lives easier. Consumers will continue to become more informed and more demanding, and looking at them through the lens of demographics will become increasingly irrelevant. Only the brands that can give them exactly what they want, make them feel valued and drop the clichés will stand out and thrive.

South Africans love humour and community, low prices and access to new experiences. We want to feel plugged in to the latest trends, but also proud of the country and continent’s success. The secret to being a great South African brand for the next twenty years is generosity. Disrupt your processes and products to give the customer and the employee more. Delight them with more value and better experiences, more opportunities and better engagement. The leading brands of the next twenty years won’t be those that just throw money at advertising campaigns; they will be those that re-humanise their marketing and put South African consumers first.
ANSWERS TO THE BIG QUESTIONS

Q. Have we assumed that democracy would lead to a more homogenous culture?

South African consumers are now free to form their own identities, generate and consume their own media, and create different, intersecting communities around their passions and interests. The reality for brand-builders is more complex and nuanced – not more generic.

Q. Have we assumed that heritage and brand love will remain relevant as the country moves forward?

A new generation of middle income consumers are charting their own path, choosing brands that resonate with them today. They are unencumbered by old brand loyalties, and may find South African heritage problematic.

Q. Have we made the foregone conclusion that needs differ by income level?

While circumstances and budget may differ, many needs are common across all South African consumers. Quality and value are both intrinsic and extrinsic requirements for brands, across all income levels.

Q. Have we assumed that because we’re local we’re automatically more relevant?

Brand loyalty cannot be taken for granted. Many global brands are doing an excellent job understanding South African consumer needs, contexts and cultural references. Consumer expectations are rising, and local brands need to work hard to remain relevant.

Q. Have we really understood our social role and how that impacts on brand?

Business and brand operate in a broader social context and consumers are very conscious of that context. It is not only wealthy consumers who care about social investment – the less fortunate are likely to reward brands that employ people and help their community with strong brand loyalty.
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Get in touch

JOHANNESBURG

5TH FLOOR
3 SANDOWN VALLEY CRESCENT
CNR. FREDMAN DRIVE, SANDTON
JOHANNESBURG, 2196

Tel: +27 11 268 5211

CAPE TOWN

THE FOUNDRY, LEVEL 5
CARDIFF STREET, GREENPOINT
CAPE TOWN, 8005

Tel: +27 21 425 0344
Fax: +27 21 425 0338

David Blyth, Group MD
Email: davidb@ywood.co.za

www.ywood.co.za

@askYellowwood

yellowwood