

10 ways to build brands in a new era

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Top 10 trends for 2006 and beyond.

THE future belongs to brand-led organisation which are in touch with the growing voice and power of the diverse South African consumer, particularly the black middle class. The internet, at a mere 9.9 percent penetration of the population, is the indisputable driver of consumers' growing global connection, expectations and how marketers relate to and communicate with them. Much of what will define our future are really old realities with new momentum driven by legislation, the exhaustion of traditional markets and simply South Africa catching up with rest of developments and trends globally. Buoyed by these and vibrant economic and political fundamentals, there are TEN opportunities and trends that will define how brands win customer loyalty. create propositions that resonate with consumers and drive the bottom line.

- Women roar. The ascension of Deputy President Phumzile Mlambo-Ngcuka in South Africa and Africa's first female president, Liberian Ellen Johnson-Sirleaf, confirmed the arrival of women in leadership. In addition to playing a significant role in driving the economic agenda, the likes of Wendy Lucas-Bull, Wendy Luhabe, Cheryl Carolus are also the key drivers where it counts, at the cash register. According to a survey in the United States, reveals that women control at least 90% of purchase decisions with respect to the home furnishings, appliances and holidays.

vacations, Significantly they also influences motor vehicles, healthcare and all other consumer purchases.

Making up over 51% of the population, a similar survey in SA wouldn't be far off. Women in South Africa make up 51% of the population and they will continue to make inroads into the world of business, while influencing all purchase decisions., sending men scattering around to find another glass ceiling to stop the march of women.

And yet the author of Marketing to Women, Martha Barletta, says 91% of women say advertisers don't understand them.

The astute business person will ensure their propositions recognise the role of women and are geared up to earn their long-term loyalty. The secret, trends-spotter, Faith Popcorn uncovered, is understanding that "women don't buy brands, they join them."

- Pink is the new gold. The Constitutional Court's ruling in 2005 to legalise same-sex civil unions will no doubt catapult the influence of the "pink" spending power.

Given that Same-sex couples have the same concerns as married couples — tenancy, ownership, pensions and inheritance.

, the gender-specific economic statistics will now give a clearer account of their impact on the economy.

In the US, it is estimated gays, lesbians, bisexuals and transgenders spent about \$610-billion in 2005. Taking a queue from Cape Town which has long recognized the value of the pink rand,

The legalisation of same-sex unions will reduce their stigma, of such and opening up a whole new arena market for marketers, and revolutionising the way they marketers portray the users and usage of their brands.

- Doing well by doing good. With increased focus on the perceived negative impact of corporations, corporations businesses will continue to try to and position their brands brands as an important part of vehicles for positive change.

Corporate social responsibility will continue to play a greater role in giving corporations heart, distinguishing themselves from competitors, and building meaningful and enduring relationships with their customers.

Social causes aligned with creating the national agenda of “creating a better life for all”, such as alleviation of HIV/AidsAIDS/HIV, education, housing, employment and entrepreneurship will continue to be the greater beneficiaries of many programmes. Faced with pressure to show a return on marketing and social investment, the focus will be on cause related initiatives with bottom line impact. As former HP CEO and chairman Carly Fiorina observed, “what many organizations are learning is that cutting-edge innovation and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning.” No doubt the secret behind Coca Cola, ranked both “South Africa’s favourite brand” and “the company operating in South Africa that’s done the most for community upliftment” in the annual Markinor/Sunday Times Top Brands survey in 2005. Both King II on Corporate Governance and BEE charters make it mandatory to report on contribute and report on initiatives that are broad reaching and positively impact communities.

- “Who conquers Egypt rules Africa,” MTN. With Spanning more than over 800 million people over in 50 countries, over 1000 languages (and cultures) and 12 economic communities, the opportunity for growth — as MTN has proven — is now beyond the Limpopo River. — north, east and west. Nokia recognized the opportunity created by MNET when they resuscitated the “Face of Africa” to position itself as the brand of choice the growing telecommunications environment in Africa.

Almost 70% of tourists to SA come from African countries. With no African brands among the Top 100 World’s Most Valuable Brands Survey by BusinessWeek/Interbrand, the future belongs to those new brands that are able to serve the needs of the new African consumer with propositions that, although global in quality, but are grounded in Africa. Multi-cultural marketing will go beyond black and white, and more into the various shades of black.

- Cocooning. Coined by Faith Popcorn, cocooning — the migration back to home comforts and a desire to shelter ourselves from the harsh realities of our world — is a persistent and growing trend of the future.

Advances in technology, pressures to balance family and work, and traffic annoyances particularly in the economic heart of Africa, Johannesburg/Pretoria will intensify the change from mass marketing to one-to-one marketing: understanding an individual consumer’s needs and responding to them, at home.

CRM and direct marketing and media will continue to make advertising and other forms of mass communication irrelevant.

- Internet. The Internet, driven by growth in mobile technology, will take centre stage as the medium for brands to connect with consumers, wherever they are. — as the success of MTN banking and FNB mobile banking is are proving. The eminent launch of Mobile TV by DSTV will put brands on the palms of consumers. However, linked with that growth will be how to alleviate issues such as identity terrorism and profiling paranoia. Identity terrorism refers to the use of internet to malign reputations - such as the recent “hoax e-mails” purportedly implicating ANC and government leaders in a plot to tarnish Zuma and ANC secretary-

general Kgalema Motlanthe. Profiling paranoia refers to worries about how data collected via mobile and internet data can be used. Irrespective,

The internet will continue to change the world dramatically, with web-based applications on computer desktops, handhelds, and cellphones driving the growth of online commerce and communication.

At the same time, podcasts, blogs and other online community forums will give consumers a voice to challenge brands. Such anti-SAA and Telkom and pro-20/20 banking sites have proven.

- **Outsourcing and alliances.** In his recent book, "Re-imagine" Tom Peters emphasized, "Don't assume that 'the best resides within. Work with a shifting array of state-of-the-art partners from one end of the supply chain to the other, including vendors and consultants, and especially pioneering customers who will pull us into the future.'" This observation is true especially when looking north of the Limpopo, where success depends a great deal on partnership with local entrepreneurs who have the innate and practical understanding of the insights which drive consumer behaviours.

The democratisation of brands — finding ways to involve the consumer — will become the enduring driver of creating long-lasting relationships with consumers.

With the launch of DSTV's Personal Video Recorder (PVR) — which allows viewers to skip ads — the relationship with brands will truly be in the hands of consumers.

There's no better time to involve them, otherwise they will ignore the advances of all marketers.

- **The rise of the black middle class.** For the past decade the dominant concern for marketers has been how to market to the so-called "emerging market" — the black consumer.

For many marketers, by chance or design, it is beginning to bear fruit. According to a report by Financial Mail, the wealthiest 20% of black South Africans spend 3.5% of their household income on clothing, while whites spend 1.5%, and 0.86% of their income on appliances and 2% on furniture, compared to 0.58% and 0.81% among whites, and blacks account for 65 percent of the clothing market (R2.5-billion per annum). A rise in the spending power of black consumers, particularly the black middle class, will continue to drive spending on luxury motor vehicles, furniture, clothing, media and property.

Directly, it creates opportunities for media vehicles and marketing opportunities that reach and connect to this market in suburbia and in the townships, where people in this market continue to retain their ties.

- **Accountability.** Marketers have always battled to demonstrate their impact on the bottom-line. According to brand valuation expert, Professor Roger Sinclair, changes in accounting for assets, particularly the change from historic cost to fair value, require that acquired assets are now valued at their fair value, that is the price they might achieve in the open market. Thus certain assets will now be valued at the present value of their future cash flows; in the identical way to which brands are measured. Because of revised accounting standards that recognise — for the first time — acquired brands as assets, brands will now make an appearance on the balance sheet, representing a single entry by which their return might be measured.

This development will require marketers to relate their spending to brand value and brands to be linked to financial reports.

- **Ethics.** When President Thabo Mbeki fired Deputy President Jacob Zuma after he was implicated in a corruption scandal, it set the stage to shift perceptions about South Africa.

The result is that the country should move it from the unenviable 46th position on Transparency International rankings of the most corrupt countries.

That action and many others like the expected outcome of the R54m fraud case against the Leisurenet directors which led to the closure of 80 Health & Racquet gyms (subsequently taken over and rebranded at a cost of R100m by Virgin Active) will go a long way to restoring declining trust which consumers and citizens have on brands – country and/or product.

This, ose actions, together with the King 2 report on Corporate Governance, emphasises the reality of citizens today and in the future, who expect institutions and organizations to uphold the highest ethical standards.

They , and will choose their products and services based not only on their functional performance, but on how well the institutions perform as ethical citizens.

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