

IAB SA / Kantar's Insights in Action, Session 14

Creating brand value in the digital age with BrandZ™

The 14th #InsightsInAction session saw learnings from BrandZ™'s Top 30 Most Valuable South African Brands report 2020 with insights from FNB, which topped this year's ranking for the first time with a brand value of \$2.8 billion and has built the brand in such a way as to stay relevant through digitisation and a focus on customer health during economic downturn, continuing to be perceived as different in a category that has become highly competitive and inundated with innovation challengers.

BrandZ™ is the largest brand-building and equity platform in the world, established 22 years ago to track what people know, think and feel about brands to establish what makes some brands more successful than others. In 2006, these insights were first used to evaluate brands and tell them what they're worth. This is now done on a country level, having just taken place in South Africa for the third consecutive year, offering a sneak peek into where your brand stacks up against competition on the five drivers of brand vitality.

Overall, BrandZ™ captures these changes across 3.8million consumer interviews and 5.3billion data points across 51 markets, which are fed directly into Bloomberg's terminals, proving that brand value comes from being seen as valuable in the minds and hearts of customers.

There's long-term evidence that nurturing and investing in strong brands pays off, as two of BrandZ™'s Strong Brand Portfolios have consistently outperformed the S&P 500 and MSCI World Index over the past 14 years. In addition, strong brands returned to growth in the year following the 2008 recession, which took others 4 to 5 years. Many of BrandZ™'s 2020 strong brands are indeed already returning to growth after significant pandemic-related declines, further demonstrating the resilience of strong brands and their ability to better bounce back from risk. Strong brand equity is therefore a predictor of exceptional business returns and an asset to be invested in, not a cost to be cut at a time of crisis.

To determine your specific brand's strength, we look at the company's financial value and tease out the consumer element of brand contribution, as that's what increases purchase volume in attracting loyal consumers and allows the brand to charge a premium. This is used as a multiplier for the overall value of the brand.

A global view: Tech brands dominate, purpose continues to grow brand value

This year's BrandZ™ Top 10 Most Valuable Global Brands reveals Amazon tops the table with a 32% increase in brand value, resting at \$416bn. Apple and Google have vied for the top spot over the

years, proving that tech companies really hold their own in the digital era. In fact, McDonald's is the only bricks-and-mortar brand among the plethora of tech, digital and social names selling experiences rather than just products and services. Of the brands that featured in the first BrandZ™ Top 10 Most Valuable Global Brands ranking in 2006, only two still feature in the 2020 table – Microsoft and Google.

So, while there's still a space for physical brands, this proves how consumers have changed their purchase journeys. But tech brands' dominance doesn't mean any digital brand has a get-out-of-jail-free card for continued growth because even in a growth category, brands must stay relevant to keep winning consumer favour. Interestingly, while marketers tend to keep spending on older trusted platforms like YouTube and Google, consumers are fast switching to the latest shiny innovations of TikTok and Snapchat, so it's important to ensure you keep up with the ever-changing digital realm.

It's not all about the tech though, as even consumer-packaged goods (CPG) brands have taken purpose to heart in supporting consumers emotionally – just think of the way Nike has amplified societal issues to support consumers emotionally.

Cheers! Banks and beer brands top BrandZ™ Top 30 Most Valuable SA Brands of 2020

Switching focus to BrandZ™ Top 30 Most Valuable South African Brands of 2020, it's important to note that this ranking reflects brands born and bred in South Africa and owned by an enterprise listed on JSE or a credible stock exchange, so you won't see likes of Google, Amazon and Facebook taking the spotlight locally. For private brands originated in South Africa, their financial statements are available in public domain. This is shown in dollar value and reflects the value of the brand rather than the holding company, so businesses can assess how much 'brand' drives revenue, growth and market capitalisation. It includes the opinions of over 28,440 South African consumers, gathered for over 601 brands in 44 categories.



Instead it's First National Bank (FNB) that jumped from second spot last year to take pole position this year, with a brand value of \$2.8bn. This is followed by last year's leader Standard Bank, with the Castle brand coming in third – this includes Castle Lager, Castle Lite and Castle Milk Stout – with Vodacom and Nando's completing the top five table.

The cumulative value of this year's BrandZ™ Top 30 Most Valuable South African Brands of 2020 is \$29.7bn – an impressive number considering the economic context of market volatility, but still down 20% on last year's total value. Comparison to other BrandZ™ markets shows there's definite room for growth as Indonesia, the BrandZ™ country ranking just ahead of us comes in at \$78bn, with the South African Top 30 Most Valuable Brands of 2020 seeing similar value to the Gucci brand globally, which comes in 49th with a total world value of \$27bn.

In further comparing this year's BrandZ™ Top 30 Most Valuable South African Brands ranking to that of 2019 we see retail experienced the biggest value decline as two stalwarts – Edgars and Dischem –

dropped off the list entirely. Overall, banks and beer brands topped this year's BrandZ™ Top 30 Most Valuable South African Brands ranking, with financial services taking the lion's share at 43% of the total value. This year's newcomers, Flying Fish and Hollard, came in at 28 and 30 respectively, showing it's more than just financials at play, as overall brand health and consumer perception amplifies brand strength and value.

Three key themes to build a stronger future for South African brands

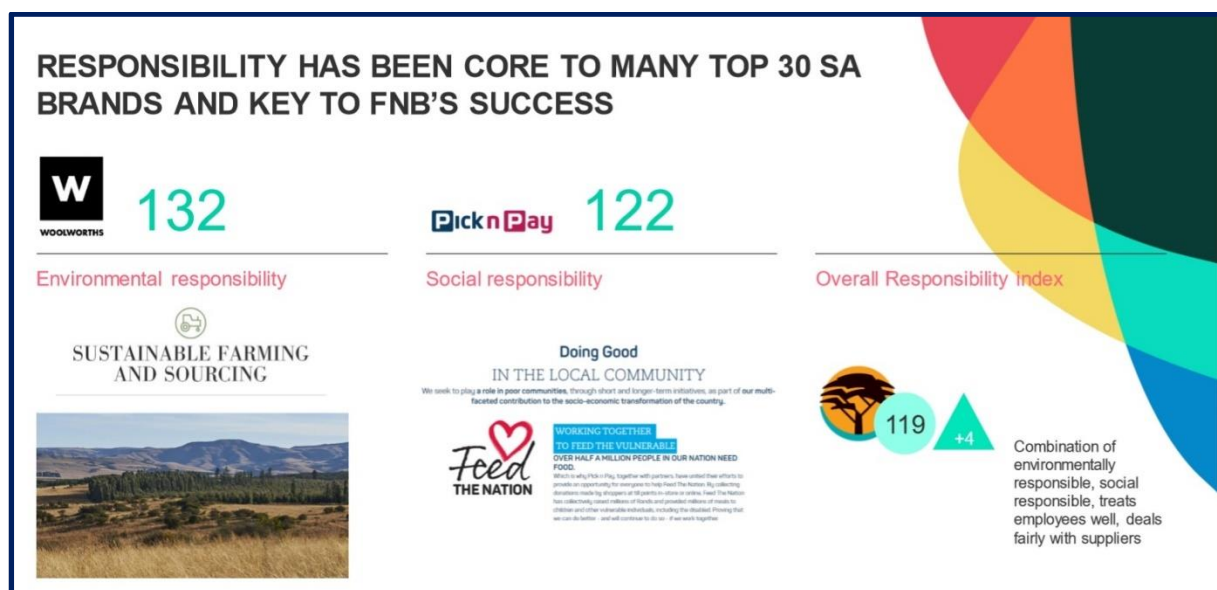
1: South African brands lack strong equity, compared to other countries' Top 30. We're just not standing our ground in tough times as well as other markets, as our final scores are largely based on financial results, which are more easily influenced by macro-economic factors and growth came from expanding operations. That's opposed to brand contribution from building strong relationships with consumers that result in demand for brands, which tends to be more stable and longer term. South Africa's most resilient brands largely perform well on being meaningful and salient, with the least resilient brands struggling to create a true sense of difference, making it easier for consumers to substitute their brand.

In this regard, not only did FNB see less notable decline this year over last year than other brands, it also grew on meaning and difference as solid building blocks of the brand's salience or the ability to come to mind quickly. This factor has proven more important during the pandemic with the strong shift to digital commerce, as companies buy specific search terms for both brand and category. If search is to make the sale, your brand needs to come to mind first and be searched for by name or trigger instinctive positive reactions in search results.

2: But salience alone is not enough to save you – difference is key, especially for price-value equation. The impact of COVID-19 sees consumers re-evaluate their options and become more price-sensitive, but they're still likely to pay more if your brand can prove it is meaningfully different. That difference is what gives consumers the reason to choose it at the time of purchase, while justifying a slightly higher price point and justifying the choice post-purchase based on higher satisfaction. As perceptions of difference motivate people to pay more, your brand can defend with difference because even in times of recession, people they don't automatically choose the cheapest brand.

Unsurprisingly, Woolworths has the highest difference in the BrandZ™ Top 30 Most Valuable South African Brands of 2020, as well as highest ranking in consumer perceiving it as being 'worth more than it costs'.

3: Purposeful brands grow in value at a much faster rate. The long-term impact of purposeful brand positioning really came into play in 2020, with Kantar's syndicated [8-wave COVID-19 Barometer study](#) into how COVID-19 influenced consumer behaviour, attitudes and expectations, across over 150,000 consumers in over 60 markets proving we want brands to take meaningful action in times of crisis and make our lives better.



Purpose also shows a strong relationship with responsibility, which is now 3X more important to corporate reputation than it was 10 years ago, so brands need to make authentic purpose part of their

brand premise for better resonance with consumers. Of all the measures around brand equity, it's purpose and creative innovation that will best help us invest in and build our brands now and in future. The reassurance of knowing the company acts well serves as an emotional component of ensuring the brand can be trusted and reduces the stress of brand choice.

Banking on brand equity with SA's Most Valuable Brand of 2020: FNB on their customer-centric, digital ways

It's truly a case of humanising the transformation journey in the digital age and for that, there's no quick fix. It's about factoring in how clients and employees alike experience the brand, with culture dominating that experience.

To this end Raj Makanjee, CEO of Retail and Private Banking at FNB and FirstRand's Chief Digital Officer explained there's long been an owner-manager culture instilled at FNB across all employees, empowering them to operate to solve specific customer needs to win their hearts and minds. It's bottom-up rather than top-down and creates an environment where employees are encouraged to make their decisions and innovate according to what they want their customers to experience. This aspect of client centricity stands in contrast to the product push dimension that rules many South African brands.

It's no longer effective to live by the motto: "Build it and they will come." Today, successful brands need to operate in the context of truly understanding their customers' short-, medium- and long-term needs in order to be as relevant as possible to the full spectrum of the economy.

Past of that client-centricity lies in FNB's eBucks rewards programme which turns 20 this year. Despite the impact of COVID-19, over R2bn was paid out over the financial year ending June to reward clients for their loyalty and for their behaviour in managing their finances. In doing so, the FNB brand serves as as a trusted money manager, both rewarding and helps customers navigate life events to sustaining the business going forward.

The convenience of digital access means those day-to-day needs are more easily met, especially if client-facing staff are equipped to help make the best decisions. Money lies at the heart of many of those decision so it's about understanding the difference between events happening outside our control, like COVID-19 related job losses, as opposed to simply not managing our finances effectively. It's about going beyond banking services to see how people are building financial resilience for short-term shocks and long-term financial independence. This speaks to the power of data and platforms helping clients better navigate life in protecting assets and saving money to retire independently.

July was a record month for home loan applications as people realised they needed to upgrade their homes as they became the hub of all activity. But as humans, we decide we need a bigger house or that we'd like to renovate, not that we'd like to take out a mortgage. So, while digitisation is important for banks, it's not at the expense of people. You need that human aspect as customers' money needs are linked to emotional decisions and milestone life events like getting married, starting a business and buying a first home. It's a case of "digital when you want it, human when you need it."

Looking to the future, Makanjee says financial instability means we're likely to see an acceleration of people taking on a side hustle to supplement their income and move from being formally employed to running their own business over next few years. Customers rely on the brand's culture to manage that transition, which in turn relies on agility in understanding what consumers need in these changing times. This truly speaks to the importance of driving innovation by being meaningful difference in a way that creates salience and disrupting through technology while keeping that human touch in putting customers' needs first.

[Watch](#) Faye Mfikwe, Chief Marketing Officer, FNB South Africa in conversation with Ivan Moroke, CEO, South Africa, Insights Division, Kantar, about their brand journey in topping the BrandZ™ Top 30 Most Valuable South African Brands of 2020, [find out more](#) about #BrandZSA and [register here](#) to download all decks shared in the #InsightsinAction series!