

The most valuable brands in South Africa 2018

Brand Finance has just launched the results of a report listing South Africa's most valuable brands in 2018.



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MTN's brand value has grown by 8% over the last year to R44.2bn, maintaining its leadership as South Africa's most valuable brand, according to the latest report by Brand Finance, an independent brand valuation and strategy consultancy. MTN's brand value was boosted by a solid overall performance for the year, despite challenging economic conditions and regulatory challenges in some markets.



South African brands overcome unstable conditions, growing 3%

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Consumers spending more on data

MTN's brand value grew primarily because of customers spending more on data services, consistent with a global trend of mobile phones being used to transmit more data at the expense of traditional voice traffic. This additional revenue growth is a strong return on the investment that MTN has made in improving data quality and capacity in its network, although this growth in revenue from data was tempered by the Cameroon government introducing a temporary data network shutdown in some regions of that country early last year. As a result, MTN's overall revenue grew by 7.2% last year, with data revenue growing by 34.2%.

In recognition of MTN's increasingly strong leadership position in telecommunication services throughout Africa and the other countries it operates, and because of their increasingly resilient network investments, MTN's brand strength rating has been upgraded from AA+ to AAA-. While their existing network infrastructure will be challenged by a transition from 4G to 5G mobile phone services over the long-term, their current brand strength will put them in a strong position to compete in the future.

David Haigh, CEO of Brand Finance said, “MTN is South Africa’s most valuable brand because of their industry leadership, both domestically and further afield. They are increasingly recognised throughout Africa by their customers as providing a high-quality service because their brand image is deeply rooted in more than just marketing campaigns.”

Jeremy Sampson, executive director of Brand Finance Africa commented, “Last year we noted the value of the South African 50 top brands was R395 bn, showing a growth of 3% on 2016, so outpacing the growth of the country’s economy. This year the value has jumped by 8% to R426 bn as the economy shows signs of recovery from the Zuma years. The potential for South Africa going forward is huge, especially as new brands such as Capitec emerge.”

South Africa’s 10 most valuable brands

Rank 2018	Rank 2017	Brand name	Country	Brand value (R bn) 2018	%change	Brand value (R bn) 2017	Brand rating 2018	Brand rating 2017
1	1	MTN	Telecoms	44.2	8%	40.8	AAA-	AA+
2	2	Vodacom	Telecoms	27.5	13%	24.3	AA+	AA
3	7	First National Bank	Banks	19.4	22%	15.9	AAA-	AAA-
4	6	ABSA	Banks	18.9	3%	18.3	AA+	AA
5	3	Standard Bank	Banks	18.5	-11%	20.8	AAA-	AA+
6	5	Woolworths SA	Apparel	18.1	-1%	18.4	AA+	AAA-
7	4	Sasol	Oil & Gas	15.7	-17%	19	AA-	AA-
8	8	Investec	Banks	14.9	8%	13.8	AA	AA
9	10	Nedbank	Banks	14.8	16%	12.8	AA+	AA+
10	9	MultiChoice	Media	14.3	6%	13.5	AA-	AA-

First National Bank jumps up rankings as Sasol drops

First National Bank was the big winner over the last year with its brand value rising 22% to R19.4bn. This earned First National a jump from being South Africa’s 7th biggest brand to now becoming the 3rd most valuable brand in the country.

In addition, it has now become South Africa’s most valuable bank brand, just ahead of Absa (up 3% to R18.9bn) and Standard Bank (down 11% to R18.5bn). Despite facing the same broader challenging macroeconomic environment, First National Bank has particularly focused on cross-selling other financial services to its customers, allowing its brand value growth to outpace its closest competitors.

Sasol lost significant brand value, dropping 17% to R15.7bn. Sasol’s exports are particularly vulnerable to exchange rate changes, and the value of the strong Rand relative to the US dollar reduced Sasol’s operating profit by 11%. On the other hand, strong global oil and chemical prices helped offset some of these challenges. In addition, Sasol’s Canadian shale oil opportunities have been devalued due to a forecast decrease in US gas prices over the long-term. The current US Government has spoken publicly about a focus on increasing domestic energy production, which reduces opportunities for Sasol to export into the USA.

Capitec Bank is South Africa’s strongest brand

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, familiarity, loyalty, staff satisfaction, and corporate reputation. Along with the level of

revenues, brand strength is a crucial driver of brand value.

According to these criteria, Capitec Bank (brand value up 35% to R6.8bn) became South Africa's strongest brand, taking over from First National Bank. Capitec's brand strength has benefited from positive perceptions amongst its core customer base, which is consistent with their introduction of more unsecured credit offerings with interest rates as low as 12.9% in some circumstances. A focus on reducing legal and administration costs are particularly attractive to their client base, which grew by 1.2 million clients over the last year.

Outsurance and Cell C achieve fastest growing brand values

Insurance brand Outsurance (brand value up 48% to R2.4bn) and telecoms brand Cell C (up 47% to R3.7bn) recorded the fastest growing brand values over the last year amongst South Africa's most valuable brands.

While Outsurance has faced significant challenges in South Africa's domestic market, it has achieved notable success in Australia, New Zealand and the UK. Cell C, however, is bouncing back from a tough trading conditions which led to the recapitalisation of the business in 2016. Cell C's focus on the prepaid market has benefited, like MTN, from increased data usage by mobile users.

Click [here](#) to view the top 50 most valuable brands according to the Brand Finance report.

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