# Local is lekker, say SA consumers

Home-grown brands maintain a powerful hold over local consumers, with a brand's country of origin cited as equally important - or even more important - than other purchasing criteria, such as price and quality, in a new Nielsen Global Brand-Origin report on local versus global brands.

Nielsen Africa Marketing and Communication's director Ailsa Wingfield commented: “South African perceptions about a brand's country of origin shape not only their purchase intentions, but match and frequently surpass other key purchasing drivers - such as selection/choice, price and quality. As a result, in a crowded retail environment, brand origin can be an important differentiator between brands making it an extremely valuable asset for both global and local companies.”

Ailsa Wingfield

Overall, South African respondents in the study were quick to reveal that they chose to buy local brands over global brands in the categories of food and home products because they want to support local businesses and the economy. However, when it came to durable and electronic goods, there was a clear preference for global brands, which are perceived to offer the latest innovations and products of superior quality. The same preferences were seen when it came to online product shopping for durable and electronic global products, and local brands for consumable products.

For the majority of South Africans, while they preferred buying global brands for the latest innovation (67%) and higher quality product (56%) this is offset by global brands being perceived as more expensive (74%). Yet, as many as 48% of South Africans felt that having a broad selection of products to choose from as well as price promotion (44%) were as important as brand origin.

## Food is local

At a category level, local brands for fresh foods are the clear preference with South Africans choosing local brands over global brands in the categories of meat (77% versus 7%), vegetables (76% vs 17%), fruit (74% vs 6%), milk (74% vs 7%) yoghurt (60% vs10%) and seafood (60% vs 10%).

Looking at the reasons for this, Wingfield explained that local brands often have an advantage in markets dependent on highly fragmented traditional trade. “This is because they generally have local distribution networks and established relationships with retailers. In addition, local brands often cater best to local taste preferences and have the added advantage of lower prices.”

This is true for South African consumers in the categories of water, juice, tea, coffee, crisps, crackers and biscuits, where local brands top the list once again. Fifty-seven percent of respondents say they prefer local juice brands versus 10% preferring global brands; with the remaining 27% saying brand origin was not important. Similar preferences were seen in the water category with 52% versus 8% preferring local brands; and the tea and coffee category with 44% versus 26% preferring local brands.

“Winning in packaged-food categories is all about understanding and innovating around local tastes and eating habits. Local companies often have a deeper understanding of consumer tastes in their market and can respond more quickly to changing needs. Therefore, they are typically adept at developing products that appeal to these particular preferences,” explained Wingfield.

## Cosmetics, global

Where global brands win over local consumer rand expenditure is seen in the cosmetic environment, due to advantages in specialisation, assurance of quality, and identity with a strong social cachet. Thirty-seven percent of South African cosmetics purchasers prefer global or multinational brands compared to 18% who prefer a local brand. South Africans also prefer global brands for shampoo and conditioner (36% vs 29%); deodorant (39% vs 28%) and razors (30% vs 23%).

Global brand advantage for electronic goods comes as no surprise as not many local brands can compete with high product development costs, reflected in a South African preference for global brands in cellphones (70% vs 8%), computers (71% vs 6%), televisions (69% vs 8%) and cameras (60% vs 7%).

Wingfield suggested that global and multinational brands wanting to expand their footprint in South Africa, would do well to give local teams more autonomy in product development in order to respond to rapidly evolving consumer needs. “This could be pursued via partnerships with local-market experts and companies with regulatory, infrastructure, supply and distribution experience; along with investment in local talent for product development, production and marketing strategies.”

She went on to say that for local brands wanting to meet the challenges of global competitiveness in the local market, they could look to internal challenges, such as the development of leadership knowledge; the standardisation of operations to improve efficiency, and the investment in skilled talent and financial incentives on par with the market in order to keep employees satisfied.

“Local brands could also use their advantages of consumer knowledge and localised decision making to innovate in both unmet and emerging needs, and focus on getting products to market ahead of the competition. Ultimately, however, their emphasis should be on embracing the home-grown benefit of South African national consumer pride in buying local products and the convenience and freshness of locally sourced ingredients,” concluded Wingfield.