

# When choice is being tampered with by dictates

## THE VALUE OF BRANDS

Jeremy Sampson

**W**ALKING into your supermarket, where there are more than 35 000 items on display, you rely on the branding and packaging to act as a form of signpost for what you want to purchase. Most buying decisions are made in a matter of seconds as you scan the heaving shelves for a brand that appeals. The cues you are looking for may be a word, logo, colour, shape, the total get up or the trade dress.

What if all the packs were white, with the same black lettering on each, with a brief descriptor but no differentiation?

According to research house Nielson, South Africa's top 100 brands spent R13.1 billion last year, and of that amount only two supermarkets, Pick n Pay and Checkers, spent more than R1bn. To some that is a cost, but these supermarkets see it as investment.

Advertising can be very effective at cutting through the clutter and creating awareness, yet that is only the first step of the customer journey. To an extent we will have been programmed to look for our brand, as we stay loyal to the tried and trusted. After all, a brand has been referred to as a trust-mark, something that you can rely on and has integrity. That brand will be owned by a company through a series of trademark registrations, ensuring ownership is guaranteed and maintained. Brands cannot survive unless trademarked. There is no point in investing in something unless ownership is totally secure.

Sometimes when "your" brand is out of stock, your loyalty will be tested. Perhaps you will become a little bored, your brand may be looking tired or maybe you want to try something a little sexier. Brands invest billions in constantly evolving to remain

relevant to customers. In the consumer goods field, the easiest and cheapest way to do this is through the packaging.

People forget that while the tangible assets of buildings and machinery, for example, were used to make up the vast majority of value in a company a few decades ago, today it is the intangible assets of patents and copyright and especially brands. A brand is a company's biggest asset. Brands can, and are being bought and sold for huge sums.

Just last week, following the Anheuser-Busch InBev acquisition of SABMiller, brands Peroni and Grolsch have been sold off, at huge profit, as the new group navigates regulatory issues around the world.

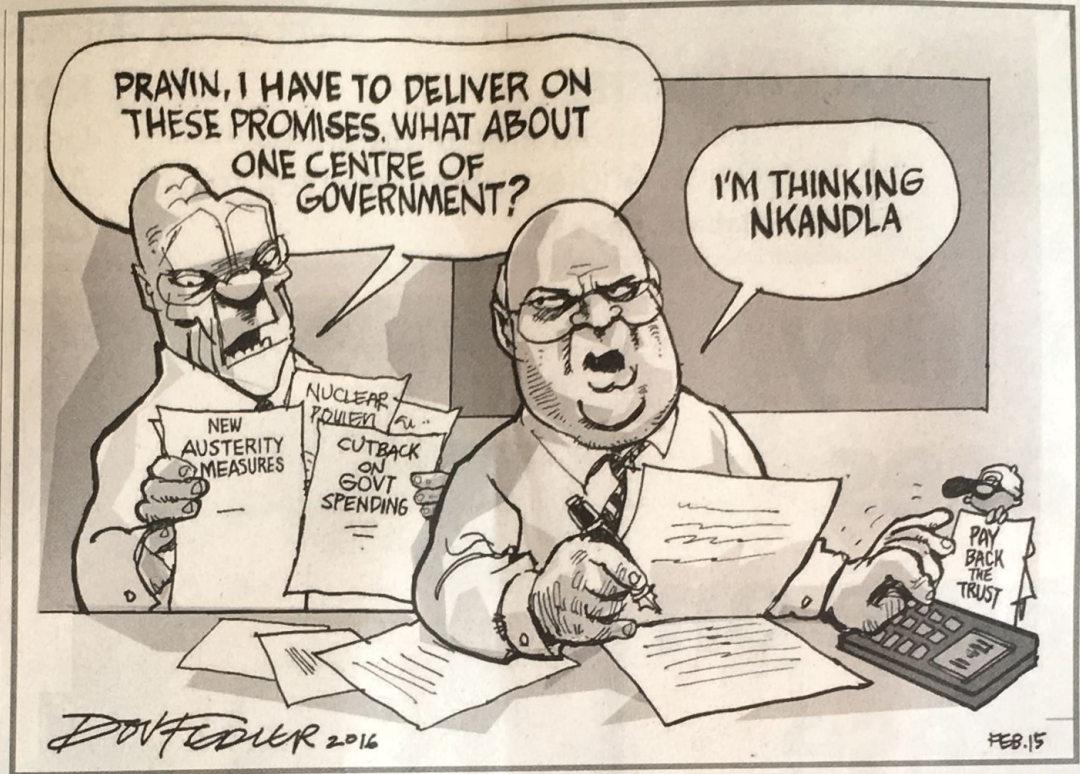
### Identifier

So have you ever stopped to think about the role that brands and packaging play in our lives? Next time you pick up a packaged item, think about how it acts as an identifier, a source of information, a promise of quality and integrity and governance.

It's built to stand out on a supermarket shelf (something that marketers call "shelf shout") and if the brand owner has done their job, a consumer will want to proudly display the label of a product to impress their friends – think of a bottle of Blue Label or Hennessy, both make a statement. Now imagine going back in time when there was little or no packaging or branding. Think back to your parent's days, lots of plain brown paper bags.

That is exactly what is being mooted by our government. The introduction of so called "plain packaging" for tobacco, restrictions on the marketing of alcoholic beverages, health warnings for sugar, baby food formula and salt rich products all have unintended consequences.

One is the legal consequence of restricting the use of registered trademarks – of course this legal consequence would come at great cost to our economy. Just one country in the entire world has adopted plain packaging for tobacco, and it would appear that sales having initially dipped are now as strong as ever. In short, it didn't work. Even one of the health ministers in Australia confirmed that the incidence of smoking since the introduction of "plain



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packaging" has in fact gone up.

The cost of regulation is immense, so why is our Minister of Health following suit when there is evidence that it may not be the best way to stop citizens from smoking. Has South Africa done a proper, thorough, transparent and consultative regulatory impact assessment so that the taxpayer is not burdened with regulations that cost millions to implement, and which do not work?

Tobacco isn't an easy subject, but this is not about smoking – everyone knows the habit is unhealthy – this is about the principle of protecting brand and property rights at all costs. If we allow the government to remove branding from cigarettes,

there will be nothing stopping them from removing branding from our bottles of wine, cereal, soft drinks and anything else they deem dangerous to our health. And by the way, when did we lose the right to make our own choices about what we eat, drink and do? If we let the government get away with this, however well intentioned it may be, then we're in trouble.

Instead of dictating policy, as is the case with the Department of Health and its assault on alcohol, tobacco, sugar, salt and all things unhealthy, why not properly investigate what the impact of extreme regulation will be on those that the legislation will affect most. If we don't, we are in danger of losing many jobs, destroying small and big businesses, losing sponsorships, and costing the economy billions in terms of lost revenue.

South Africa is in urgent need for policy certainty and oversight that will in turn have a positive effect on the economy, on investor confidence, on the generation of jobs and wealth creation for all.

What is required is total collaboration between business, society and the government, working together in a spirit of good will, not trying to impose half-baked legislation that has not been properly thought through, interrogated or discussed.

Sometimes it is better to ensure existing legislation is updated and properly

enforced rather than wrapping more red tape around the problem.

As we know, problem solving is not that difficult, the challenge is to identify the real problem. If the problem is an unhealthy society, then there is a better way to address this problem. Much can be done through sustained public service campaigns funded by government departments and the relevant industry sectors. These would assist consumers to make informed choices about their lifestyle choices. Around the world, the days of the big-stick methodology of enforcing change has largely been retired, now it is more acceptable to nudge society into adopting new thinking.

Jeremy Sampson was speaking at a conference on the proposed ban on brands and introduction of plain packaging. Sampson is the founder of Interbrand Africa

### LETTERS:

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