

Vodacom sees red, leads TV adspend

By  Oresti Patricios

29 Jun 2011

The mobile industry is perhaps the most hotly contested brand space in South Africa, if not the world. In looking at advertising and branding in SA's mobile industry market for the first four months of 2011, Vodacom went red, Cell C saw red and MTN just kept on growing its brand value.

This country has a population of 49 million and stats from the ITU World Telecommunication database show that the mobile sector has grown from 8.3 million in 2000 to 46.4 million in 2009. With market penetration set at some 83%, the local mobile sector is reaching saturation, but there's huge growth in data services. ITU shows that the number of SMSes sent tripled from 2007 to 2010, while [Engineering News](#) that MTN has enjoyed growth of between 60% and 70% in data traffic this year.

To get a view of the size of SA's mobile brands, consider: MTN, which covers 21 territories across Africa and the Middle East and reported revenues of R114.7 billion for its most recent financial year; and Vodacom, which has a stronger local presence and smaller international footprint, made R54.052 billion and grew its subscriber base to 43.5 million. R46.392 billion of Vodacom's revenues were made locally.

It should come as no surprise then to learn that SA's mobile brands spent over R165.368 million on local television advertising to protect and grow their brand turf during the first four months of this year.

Mobile brand adspend - January to April 2011

Month	Brand	Amount	Monthly total
Jan-11	MTN	13056974	
	Vodacom	9826320	
	Telkom	2865750	
<i>Jan 2011 Total</i>			25749044
2011 02	MTN	11443914	
	Telkom	10360100	
	Vodacom	8631020	
	Cell C	1521746	
<i>Feb 2011 Total</i>			31956780
Feb-11	Vodacom	13451793	
	Telkom	10277275	
	Cell C	8904879	
	MTN	7921905	
<i>March 2011 Total</i>			40555852
2011 04	Vodacom	42094085	
	MTN	11070348	
	Cell C	7580560	
	Telkom	6316755	
	8ta	45500	
<i>April 2011 Total</i>			67107248
Grand total		165368924	165368924

Data supplied by [Ornico](http://www.ornico.co.za) - www.ornico.co.za

Ornico's MediaTrac for January to April 2011 shows the biggest spender was Vodacom. TV adspend for the brand that's just been painted red spiked in April, when the mobile operator made the change. A subsidiary of the UK-based Vodafone, Vodacom spent just over R74 million on TV advertising for this year, the bulk of it (some R42 million) during April which was

the reveal month of its new brand. It is reported that the total [rebranding exercise](#) cost Vodacom some R200 million.



Changing brands is a massive investment, more so in the mobile industry which, like banking, requires the rollout of the change to myriads of stores and outdoor presences, as well to all advertising collateral. Why did Vodacom make this massive investment and change to red? To appreciate the decision, one needs to get context by taking a quick look at the history of the brand.

Vodacom was the first mobile brand to enter the SA market in 1994 after being spawned by a coalition that included Telkom, Rembrandt and Vodafone. At the time, then MD Alan Knott-Craig (senior) told a sceptical public: "Cellphones will change our lives as much or more as television did."

Massive believer in power of marketing

Knott-Craig was a massive believer in the power of marketing and convinced the shareholders of Vodacom to invest in building the brand even before the service was launched. Vodacom's launch results affirmed this belief because the mobile operator got over 50 000 signups at launch.

Vodafone has been an integral part of Vodacom and, over the years, has increased its interest in Vodacom from 35% to 50%. More recently, it took a controlling shareholding which it currently enjoys at 65%.

There were a couple of compelling reasons for the rebranding exercise. First, the move to red moves Vodacom closer to its Vodafone mother brand, which is red and shares the same logo that Vodacom now has. This will enable both brands to better leverage each other in Africa, which is a growth market for mobile.

Launching the change, CEO Pieter Uys told journalists, "Over the years, the organisation has grown and the world has changed, and our customers have become more complex. So it is time for us to relook how we do things and perhaps become a younger company by looking at new ways of staying relevant."

A lot more than skin deep

In a fairly saturated market, this brand change offered Vodacom an opportunity to rally employees around the brand and to streamline operations. Vodacom's success will be driven by the fact that this brand reinvention was a lot more than skin deep. The rebranding brought about changes in management structures and the reinvention of Vodacom stores to evolve Vodacom into a more youthful, nimbler brand more focused on customer needs.

No surprise then that Vodacom changed its slogan to "[Power to you](#)", which reflects the shifting balance in power accelerated by technology and social networks from corporations to consumers.

What's of significance is that this year Vodacom will invest well over R600 million in infrastructure, meaning that consumers will experience a better product which will help realise authenticity in Vodacom's brand promise. "We are leading a revolution to connect the entire country - this is not about cherry-picking a few people in cities for an elite service, but also about getting a decent connection to everyone and ensuring that nobody gets left behind," Uys said at the brand's April unveiling.

Played to brand nostalgia

In terms of advertising, Vodacom cleverly played to the nostalgia of the brand by incorporating the mobile brand's much loved advertising characters. TV spots showed Mo the Meerkat and Jan and Elton, as well as Bankole Omotso and Michael de Pinna painting Vodacom red. The TV ads were humorous, playful and created an emotional connection with consumers, while evoking a sense of nostalgia and a shared journey.

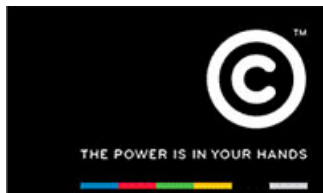
Vodacom made good use of quick 10-second teaser spots which had people guessing what was about to happen before all

was revealed. The creative execution of the campaign ensured a high level of entertainment with strong familiarity that made for engaging marketing. Vodacom has always been an entertaining, heart-felt brand and it clearly didn't miss a beat during this brand change.

Vodacom was smart by mashing the old with the new. The brand change ads evoked nostalgia but a commercial premiering the brand's news slogan "Power to You" repositioned Vodacom as relevant and current. The commercial featured a young boy rapping on YouTube which connected Vodacom to the coolness of social media. The ad also starred local cultural icons such as HHP, Freshly Ground, Corne & Twakkie, Gang of Instrumentals and more.

Outspent all competitors

Vodacom clearly outspent all competitors during the first four months of this year, and left little, if any, opportunity for other mobile players to stand out in advertising terms. That is, until Cell C used Trevor Noah to strike back.



The Cell C ad featured Noah walking from a hashed-up half blue and red car to a gorgeous Ferrari. Cell C's message in the advertisement? "It takes more than a lick of paint to be SA's number 1 network, don't you think?" Cell C used the opportunity to claim that it, not Vodacom, was this country's top mobile network.

Vodacom didn't take this lying down and went to the Advertising Standards Authority of SA, (ASA) which ruled in favour of the red brand, despite an appeal by Cell C. Embarrassingly, the ASA said that Cell C didn't have the wherewithal to underpin claims that it was SA's leading cellular network.

Reinforcing Cell C brand reinvention

Cell C had just spent over R18 million on TV advertising for the first three months of the year, reinforcing the company's own [brand reinvention](#), which kicked off in August 2010 and which was not without controversy.



For the most part, MTN stayed out of the mobile wars and focused on brand growth in Africa, where it had problems in Guinea. The mobile brand had a protracted payment wrangle with the Guinea government that was only resolved after that government seized MTN's assets and operational equipment.

Despite this, MTN enjoyed good growth for the first few months of the year and raised subscriber figures by 4% for the first quarter of 2011. MTN was also honoured as Africa's top corporate brand by the BrandFinance Global Nation Brands league awards.

MTN rated SA's most valuable brand

If that weren't enough, MTN was rated SA's most valuable brand according to Brandirectory. The mobile service provider's brand valued weighed in at US\$4.7 billion, almost double that of Vodacom, FNB and Standard Bank.

In comparison with Vodacom and Cell C, MTN TV adspend was just shy of R43 million for the first quarter of 2011. The brand's value and subscriber growth show that MTN's sponsorship of the [2010 FIFA World Cup](#) and it's [Ayoba](#) campaign just keeps on paying dividends.

ABOUT ORESTI PATRICIOS

Oresti Patricios, CEO of the OrnicoGroup (www.ornico.co.za), has been in the media information business for over 25 years. He has an MBA (thesis on social media) from the Gordon Institute of Business Science (GIBS) and a huge body of brand knowledge and experience, which he brings to the brand intelligence offered by the company. Contact Oresti on tel +27 (0)11 884 5041 or email Oresti@ornicogroup.co.za and follow [@orestaki](#) on Twitter.

■ Pay-tv cap won't save the SABC, measurement and innovation will - 6 Aug 2021

■ Brand advertising puts people ahead of sales in trying times - 22 Apr 2020

■ Fighting fake news flames - 25 May 2017

■ Why media research across Africa needs to be harmonised - 12 Aug 2016

» Harmonising media research across Africa - 27 Jun 2016

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>