



The Alphabet Soup Times

August 2009 Edition

It's not all bad, is it?

With everyone's spirits taking a knock due to the continuous news of economic doom and gloom, we thought that it would be great to start our first newsletter of 2009 with an uplifting quote:

**"Life is too short to wake up in the morning with regrets.
So love the people who treat you right.
Forget about the ones who don't, and believe that everything happens for a reason.
Know a good thing when you see it, and don't let it slip away.
If you get a chance, take it.
If it changes your life, let it.
Nobody said it would be easy, they just said it would be worth it."**



This newsletter is filled with information, please take the time to read through it and let us have your feedback or comments.

Let's talk Recession 2009 – Source: Mediashop ShopTalk

The UCT Unilever Institute of Strategic Marketing recently presented their new research – Project Reboot – to its members. The research covers global and local trends and then has a look at six segments of the SA consumer population which gives us insightful marketing implications about talking to them during this tough economic time.

The key learning from this research:

Forget what you knew about marketing.

The new economic landscape means that consumers will never be the same again.

Some key highlights without giving you the entire presentation:

Impact on South Africa

- GDP has fallen from 5% in 2007 to 3% in 2008
- The SA economy is projected to contract by -1% in 2009
- In the 1st quarter 2008, the economy contracted for the 1st time since 1998
- Business confidence falls to its lowest level since 1998
- Consumer confidence starts to fall
- Jobs - South Africa expected to shed 300,000 jobs in 2009
- Interest rates - interest rates rose five basis points in recent years, although the reserve bank has been cutting rates as the recession starts to bite

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- Inflation continues to hover above the 6% target and remains 'sticky'
- 140% increase in liquidations

Price comparison: Jan 2008 - Jan 2009

	Jan 2008	Jan 2009
Toilet Rolls	R38.49	R45.99
Italian Plum Tomatoes	R7.99	R11.99
Rice	R14.99	R42.99
Lite coconut milk	R6.99	R14.99

This illustrates a 28.9% shopping basket increase between Jan 2008 and Jan 2009

Some South African companies thriving

Famous Brands sales up 9.3%

Spur profits up by R55 million

Group 5 reports exceptional results

South Africa is a highly complex and fragmented society

One size does not fit all, when it comes to understanding the behaviour of different segments of the South African market.

Overall Insights:

The end of the world as marketers know it

A new consumer mindset emerges: For the last 15 years, marketers will not have encountered consumers with this mindset.

The six segments include: The strugglers, The Youth, The Pre-Family, Young Families, Older Black Middle Class and The Prime Timers.

Who are these segments?

The Strugglers: All races LSM 5-7

The Youth: All races aged 16-24, LSM 5+

The Pre-Family: Young, ambitious, single "professionals" aged 25-40, all races, no children, LSM 8-10

The Young Families: Parents of young children under the age of 12, all races, LSM 8-10

Older Black Middle Class: Older stable family, majority married with kids over 12, Black aged 35+, LSM 8-10

The Prime Timers: White, Coloured and Indian, aged 45+, LSM 8-10

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In all instances they have a look at financial flexibility, confidence levels in terms of SA, Lifestyles, shopping and marketing opportunities and implications.

This research is very interesting and we are sure that it will add value to any planning session.

Why avoid cutting budgets during tough times?

The media are using all their effort to produce articles, research, presentations and so on, to explain to advertisers the risks of slashing media budgets in tough times. They are right, at least to some extent.

A long standing rule of advertising is that in any specific market, competitors purchase their share-of-voice through advertising and their share-of-voice relates proportionately to their share-of-market. In recession times this rule still stands true, therefore clients are left with three simple options:

- 1. Clients can completely cut their advertising; however this would lead to the company brand awareness falling and ultimately the advertisers becoming less competitive.**
- 2. Clients can reduce their budget in proportion to their competitors thereby maintaining their share-of-voice and maintaining their brand awareness.**
- 3. Clients can take advantage of the recession by maintaining or increasing their marketing budget and take market share from their competitors.**

Ultimately client's budgets are not always dictated by the marketing directors, but rather by CEOs, MDs and the sales figures from the last financial year or quarter. Therefore, the Alphabet Soup Top Tip for media in 2009 is to focus media spend in proven areas that build and sustain long-term brand equity. David Ogilvy said this for decades!

Alphabet Soup gains exciting new clients

Over the past few months Alphabet Soup has picked up some extremely exciting new clients including:

African Palace

African Palace Online Casino is part of one of the online industry's leading full-service casino groups. Alphabet Soup was recently awarded the strategic planning and media buying in a three way pitch and will be handling all television strategy, planning and buying which commenced in June 2009.

World Leisure – Le Touessrok

The 5 star luxury hotel in Mauritius is the pinnacle of tropical luxury and one of the world's most romantic resorts. The account was won in a joint pitch with Thought Capital and Alison Gregg PR. We have implemented a full online strategy as well as a 3 month television campaign on DSTV.

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Luster Products Inc

Luster Products Inc. is the last of the leading global manufacturers of premium personal hair care products that is 100% black owned and operated servicing people of African descent worldwide. Alphabet Soup will be working alongside Jupiter Drawing Room; the Creative agency for Luster, in implementing a print campaign coupled with new and innovative, alternative media ideas. Including activation as its key focus. The campaign will commence in mid August 2009.

We look forward to a building the success of these exciting brands with long and fruitful relationships and delivering great media opportunities in the future.

Media Africa

Part of Alphabet Soup's ongoing business strategy is to align itself with strategic partners who can offer expertise in new areas of media. Recently Alphabet Soup has forged a partnership with a long standing leader in the African media market who has the largest up-to-date database of African media in the world.



As a result Alphabet Soup is now able to offer clients a large array of media solutions such as media planning, and tracking for a large number of African countries, including Angola, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe, Botswana, Lesotho, Namibia and Swaziland.

Africa is increasingly becoming a critical part of the multi-national's business strategies, as it represents markets characterised by growth. However clients need to be aware that the rules are not the same and the media environment operates on a completely different platform.

Destiny Man

June 2009 saw the launch of a new men's title called *Destiny Man*, this spin-off from the successful *Destiny Magazine* will launch as an alternate monthly title starting with its July/ August issue. According to Ndalo Media (the magazine's publishers) The title will be aimed at "accomplished, self-assured, affluent, stylish and business-minded South African men" who are 25 years plus and are in LSM 7 – 10.

The title will cover business and politics, fashion and grooming, sports and lifestyle and will be supported by an interactive website with social networking capabilities.



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Our opinion is watch this space on both male and female publications, we believe they will be successful and the market more than ready for both publications.

Other recent Magazine launches include

- Salut magazine – Funky new healthy lifestyle publication launched on 27 May 2009
- Pick of the movies – Aimed at the DVD hire market and containing over 150 reviews in 15 genres. The Magazine is a quarterly and launched on 9 July 2009
- Business Woman's Association - A glossy bi-monthly magazine championed by Jane Raphaely that will have lasting value and a positive effect on the business and private lives of its readers. The first issue was launched on 6 August 2009.
- Kuier – In Styl. An Afrikaans speaking, women's magazine aimed to inspire, motivate and equip readers to empower themselves. The first issue will be out on 14 September 2009.
- Womens Health – A lifestyle brand for women who see being healthy – physically, financially and emotionally – as a way of life. Launches on 21 Oct 2009.

Embracing Media Clutter

In an article written by Gill Randall, of Newspapers Advertising Bureau, she challenges the generally accepted idea that advertisers should avoid media clutter and attempt to break through it as a general rule.

The article makes the point that today's consumers are bombarded with advertising clutter in all mediums, however in print clutter can be used to the advertiser's advantage. Consumers are time-strapped; they look at specific media environments which offer them the most choice and a comparative shopping environment. Therefore, in the same manner that someone looking for a car would look in the Autotrader so would they research rates for a fridge in their local paper?

Obviously this argument would pertain specifically to print where the consumer chooses to be exposed to advertiser's messages and not other environments such as TV and radio where the advertising is more intrusive by nature.



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Online shopping boom?

Recent statistics reveal that online shopping has increased by 13% since February 2008, a remarkable boom considering the current economic slump. As more retail outlets close shop and businesses downsize, Internet sales continue to grow, which means that there's immense scope for companies to make money online.

Logging onto user trends

According to research compiled and released by Nielsen Online, the internet is attracting more South African users and most of the growth is among older men who are English speaking.

In terms of actual usage, not only have the number of unique browsers increased by 25% between Dec 07 and Dec 08 but so has the total time spent online increased by 45% from 2,6 million hours to 3,8 million hours.

Andrew Felbert, Nielson Online researcher, says "Companies and advertisers wishing to get their products and services in front of consumers can no longer ignore the power of the internet as a major role to making this happen."

The majority of the growth has interestingly come from the male market, which grew by 3.2% to a total of 58% of the SA online market. Further growth came from the 50+ market which grew by 0.6% and the English dominant language speaking group which grew by 1.9%.

The Speedy Future

It is no secret that technology drives change in media, whether by improving research techniques or creating new mediums all together. More surprising is the number of years it took the following technology to reach a market audience of 50 million:

- Radio = 38 years
- TV = 13 years
- Internet = 4 years
- iPod = 3 years
- Facebook = 2 years

Today it is estimated that technical information doubles every two years, as a result half of what students studying three year technical degrees learn in their first year will be outdated by the their third year.

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Online and On Top

The OPA (Online Publishers Association) recently released their list of top online publishers, based on the number of Unique Browsers (Domestic Traffic only) for the month of January 2009.

Rank	Publisher	UB	PI
	Market Aggregate	5,553,848	312,837,896
1	Media24	2,088,399	66,189,873
2	MSN	1,212,574	49,600,156
3	Independent Online	900,348	17,723,547
4	Interface	712,491	31,983,979
5	MWEB	639,597	24,527,931
6	Avusa	566,587	11,601,893
7	SuperSport Zone	450,717	8,521,589
8	Vodacom	449,396	14,118,953
9	Yellow Pages South Africa	418,791	4,135,040
10	CareerJunction	388,703	15,702,484
11	Ananzi (Pty) Ltd	335,141	9,237,715
12	Primedia Online	302,774	3,849,662
13	Auto Trader	287,147	15,597,898
14	Mail & Guardian Online	275,349	2,975,352
15	MyBroadband.co.za	257,889	2,596,530
16	Private Property	257,386	6,713,057
17	SABC	248,965	3,360,543
18	Bizcommunity.com	199,350	2,713,363
19	MultiChoice	154,462	1,194,754
20	Moneyweb Holdings	151,934	1,765,344

And the Winner is GIBS

On the 26 February 09, GIBS received the award for the Best Marketing Organisation of the Year in the medium sized organisation category.

The Marketing Excellence awards were hosted by Sunday Time Business Times at the Avusa house, where winners were recognised for their marketing discipline in the South African boardroom in its many facets, including all that comprises a great marketing campaign with significant ROI and bottom-line results.



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The awards are overseen by a prestigious and high-level business council and include Sir Paul Judge a leading marketing luminary in the United Kingdom as well as the re-appointed Chairperson of the council Dr Ivan May.

Alphabet Soup would like to congratulate our long standing client on their achievement and wish them even more successes in the future.

A New Species

Discovery Networks, the organisation responsible for the highly successful Discovery channel on DSTV, recently completed a comprehensive study on the male consumer which involved more than 12,000 men in 15 countries and consulted some of the world's leading experts in male behaviour.

The innovative research exposes the pressures the 21st Century has placed on men and how they have entered a new stage in their evolution as a result.

The report's findings suggest that there are four types of modern man:

1. **'Pressured Provider'** - 26% are traditional family men with a conservative view of his role in family and society.
2. **'Modern and in Control'** – 34% are men who have a modern view of gender roles and are able to juggle numerous commitments.
3. **'All About Me'** – 26% of young men prioritise themselves over relationships and are less family oriented.
4. **'Non-Committal'** – 14% live for the day and shy away from serious commitment or responsibility.

The report highlights significant themes that young men share in their lives and covers a large range of topics from living with parents, to having children, to money matters and worrying about their looks.

Participants in the study were made to complete lifestyle diaries, segmentation analysis, telephone interviews and in depth lifestyle interviews at their homes. Over 50 experts were consulted during the process, including academics (professors of gender studies, psychology and sociology), economists, marketers, journalists and social commentators.

The findings of this research are invaluable to the local marketing and advertising industry as it covers how modern young males view various life issues, what drives them, trends and so on.

Get in contact with Alphabet Soup should you be interested in seeing this research.

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New Radio Diary Figures for the first quarter of 2009:

Regional stations: Biggest increase was Talk 702 (8%) and the biggest loser was sister station Cape Talk (16%)
National stations: The biggest increase was Radio 2000 at 19% and the biggest loser was Radio Pulpit at 10%.
African Language Stations (ALS): These stations are very stable with only 3% being biggest gain and loss.

Overall, there was a 1% decrease in overall listenership from diary to diary but a 1% increase year on year! It is interesting to note that overall, on an average day there is 1% fewer people listening to radio and as with Past 7 Day listenership a 1% increase year on year! Should this 1% be shrugged off? Where have 346 000 people "gone" to? And similarly where have 236 000 listeners come from over the past 12 months?

We believe that the numerous options now available to the population has a lot to do with the changes: One can now play iPods in cars, access to audio streaming at home and in the office as well as the audio bouquets through DSTV, and of course the option of CD's for music choice has no doubt got a lot to do with the drop off over an average day period. All of these are obviously not included in the Diary questionnaire.

Recession Headlines in the Print Industry

With times getting tough in print, it is predictable to see publishers close titles which just don't achieve their targets in terms of circulation figures and advertising support.

Some of the latest victims include *Y Mag*, whose last issue went out last year November, and *Fynproe* the Afrikaans wine magazine published by WineLand Publications. Touchline titles *Best Life* and *Men's Health Living* also took a knock when it was announced that both titles would be discontinued.

AS Website and Database:

The Alphabet Soup website has had many changes and updates in the last few months, and we continue to add new content as we get it.

Go check out the content section for interesting research, media updates and media planning theory and while you are on the site go register for our Alphabet Soup newsletter (if you haven't already).

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A Charitable Cause – Hotel Hope

Alphabet Soup started our charity initiative with Hotel Hope at the beginning of 2009. We have permanent bin at our offices for anything that you might think of disposing of. This includes old clothes, children's clothes, ink cartridges, old computers, baby stuff that you no longer use, old furniture and the list goes on. We will get it to them and frequently meet with the organisers of the charity. A HUGE thank you to all of you who have contributed so far. We put together 21 packs for Mothers with HIV in Alexander after our last drive and the donations continuously pour in. The philosophy of Hotel Hope is to be more than just an 'orphanage.' The aim is to set up family style homes for children. "It will be complete with God-parents, aunties, uncles and grannies who will love and role model values to the children in our care," Quambusch says.

The organisation provides short-term interventions for long-term results. The goal is to have the children adopted into loving homes. Hotel Hope works with an adoption agency that will find 'forever' families, for the children that can be adopted. However, children who are not adopted or fostered can remain in the organisation's care.

The 'Hope Charity Shop' is already up and running in Melville. The purpose of the shop is to provide an income for Hotel Hope through the sale of donated clothes, books, furniture, and bric-a-brac items. The Hotel Hope 'Pregnant Mothers in Crisis' programme has also been well received in Alexandra, a township located on the outskirts of Johannesburg. Quambusch and his team initially set out to host four workshops a year, but the demand has been so overwhelming that the group now meets once a month. The meetings are non-threatening and inform women about pregnancy-related issues.

To find out more about Hotel Hope, or to donate your time, money or unwanted goods to this worthy cause please contact Hot

Conclusion

Although everyone is hearing about the doom and gloom of the global recession in the media, research presentations and water cooler chit chat, it is now more important than ever for marketers to keep their heads up, their ears to the ground and to continually search for the opportunities which exist worldwide and that are locally relevant. Hope you enjoyed this newsletter and keep in touch.

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