**22 June 2011**

**Sunday Times TNS Research Surveys Top Brands/Retailers 2011**

**Methodological note**

2011 brings the third successful year in partnership with TNS Research Surveys. The study this year used essentially the same methodology as in 2010 which was, in itself, a slightly refined version of the new approach adopted in 2009. The approach looks at a brand’s or retailer’s penetration in the marketplace (bought from/used in a defined period – this being the refinement added in 2010) whilst also examining its relative strength amongst its users and its relative attraction amongst non-users – the concept of *relative advantage*. This was accomplished by asking three questions:

1. Outlets/brands used within a defined time period (this period differed for each category; a few minor changes were made here for the 2011 study)
2. Outlets/brands with which people were familiar enough to rate on a ten-point scale
3. The actual rating of all those brands/outlets on a ten-point scale

The index comes from three variables derived from the questions above: the actual usage of a brand or outlet in a specified time period, the rating it receives from its users relative to others in the category, and the rating it receives from those non-users aware of it, also relative to competitors in the category.  The non-user rating carries only half the weight of the user rating in the final algorithm.

The final index can be thought of as the brand’s or outlet’s standing in both the market place and in people’s heads.  This is in line with the current thinking that brand equity is a function of both Power in the Mind and Power in the Market, coupled with the view that one must always take the attraction of competitors into account in any assessment of brand equity.

**How a brand or retailer can win**

A winner occurs in one of three situations:

1. If it is big AND rated above average by both its users and its non-users.
2. If it is truly big but perhaps only rated as average by its users and non-users.
3. It is smaller but very well loved by its users and is strongly aspired to by its non-users.

**The consumer sample represents all urban South African adults**

The sample was 3 500 adults aged 18 years and over and was skewed to metro dwellers and high income people to allow some smaller upper-end outlets to have a sufficient representation for analysis. However, the final results have been weighted to represent the population according to StatsSA 2010 mid-year population estimates. The study is representative of all urban adults across the country and is a relatively large sample. Interviews were conducted in home, face to face

**The business sample represents businesses of all sizes**

The business sample consists of 400 senior business people (CEOs, CFOs, COO and the like) from organisations of all sizes. These interviews were conducted via TNS Research Surveys’ Computer Aided Telephonic Information (CATI) system.

**Why is this approach more useful?**

Most brands have a good sense of their relative size – publicising this is good for the ego but not much else. The approach adopted by TNS Research Surveys allows more useful marketing insights to be gained: a brand or retailer can assess by how much more – or less – its users rate it compared with average - a heads-up for some, as well as an indication of the relative commitment people have to a brand. Similarly, by looking at the non-user ratings, some idea of a brand’s or retailer’s relative “pull” amongst its non-users is gained – this is a good indication of its relative ability to attract new users. Comparing usership and these two ratings’ data tells marketers much about their relative power in the mind vs their power in the market.

**The algorithm in more detail**

The algorithm is explained below via a worked example, along with the actual mathematical formulae.

The table below has five columns: usership, ratings amongst users and non-users and the extent to which these ratings differ from average. So, Brand B has a usership of 13%. These users rate it 8.80 out of ten, which is 0.28 higher than the average for all user ratings. Non-users rate it 5.59, which is below the average for non-user ratings by 0.10.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Brand | Usership in last x weeks | Rating amongst users | Ratings amongst aware non-users | User rating - average | Non-user rating - average |
| B | 13% | 8.80 | 5.59 | 0.28 | -0.10 |
| A | 9% | 8.68 | 6.03 | 0.16 | 0.34 |
| C | 11% | 8.63 | 5.67 | 0.11 | -0.02 |
| H | 11% | 8.50 | 5.87 | -0.02 | 0.18 |
| … |  |  |  |  |  |
| L | 7% | 8.26 | 5.49 | -0.26 | -0.20 |
| Weighted average |  | 8.52 | 5.69 |  |  |

The algorithm first calculates Power in the Mind by taking a third of the sum of 0.28 plus a half of -0.10. It then adds usership to this to get a score. The third and the half are scaling factors to give Power in the Mind approximately the same weight as usership (this varies slightly by category depending on the actual results). This score is multiplied by 40, and 50 is added so that the scores fall between 0 and 100.

Writing this out mathematically, we first define terms:

Let:

*ui* =usage of brand *i*

*ei* =rating amongst users of brand *i,* the brand *experience*

*ai* =rating amongst aware non-users, the brand’s *attraction*

*ē* = weighted average of all user ratings

*ā* = weighted average of all non-user ratings (amongst those aware)

*ki* =awareness amongst non-users of brand *i*, *knowledge*

Then:

*ā* =Σ*kiai/*Σ*ai*

The relative brand experience for brand *i*, *rei*, is given by:

*rei* = *ei – ē* = *ei -* Σ*uiei/*Σ*ui*

The relative brand attraction for brand *i*, *rai*, is given by:

*rai* = *ai – ā* = *ai -* Σ*kiai/*Σ*ai*

Power in the Mind for brand *i*, *mi*, is given by:

*mi* =*⅓* [*rei* + ½*rai*]

The Top Brands/Retailers Index, *ti*, for brand *i* is then:

*ti* =40{*ui* + *mi*} + 50

=40{*ui* + *⅓*[*rei* + ½*rai*]} + 50

=40{*ui* + ⅓[*ei -* Σ*uiei/*Σ*ui* + ½( *ai -* Σ*kiai/*Σ*ai*)]} + 50

**What changed in the Top Brands Consumer section?**

This year, two categories were added:

* Electronic goods (TVs, DVD players etc)
* Large kitchen appliances (white goods)

Three categories were dropped:

* Energy or sports drinks
* Fashion clothing brands
* Mouthcare

In addition, two changes to the usage period were made:

* The usage period for cars in 2010 was “bought in the last two years”; this year this was changed to “cars currently driven”.
* The usage period for petrol stations was changed from “used in the past month” to “filled up at in the past three months”.

In addition some changes were made to update the various brand lists presented to the 3 500 people.

**What changed in the Top Brands Business section?**

This year, two categories were added:

* Courier companies
* Telecoms service provider

Two categories were dropped:

* Computers and laptops
* Business media - TV

In addition, after representations from the hotel industry, the brand lists for this category was extensively revised, the qualifying criteria were changed to limit the ratings to business that had used hotels for at least four nights for business purposes in South Africa. In addition, these results were weighted by size of business as better representation of actual usage.

In addition some other minor changes were made to update the various brand lists presented to the 400 business leaders.

**For additional information, please contact:**

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