

PRESS RELEASE

How a luxury brand thrived in the midst of an economic downturn

Brennan Menday from premium appliance manufacturer, Miele, offers some insight into how the high-end brand he represents has managed to achieve record-breaking growth during the current economic downturn.

23 July 2015, Johannesburg: The European debt crisis, the Chinese stock market crash, and a worldwide slump in consumer confidence have plagued economies worldwide, even South Africa. Added to the international economic drama, South Africa's economy has also had to bear up to government failing to address various issues locally, such as deteriorating infrastructure and the power crisis, unacceptably high rates of unemployment, a low-skilled labour force, high corruption and crime rates. The result being that the South African economic growth is sluggish and below the African average.

However, even during these dark times, subsidiary of Miele Germany, Miele South Africa experienced its best turnover to date in 2014, and in June 2015, its turnover was up by 22% compared to last year's already impressive figures. Says Brennan Menday, Managing Director of Miele South Africa: "Even though many brands operating in our industry have been struggling through what can only be termed as a tough economic climate, over the last year and a half, Miele has experienced its biggest growth ever. While the tight wallets of the majority of the population have been a cause for concern for most appliance manufacturers, Miele has managed to grow and even thrive."

A quest for true quality

When asked whether premium brands, such as Miele, are impervious to the country's economic struggles, Menday replies: "My opinion is that the economic downturn has led consumers to become increasingly more discerning – they are not just purchasing high-end brands for their 'bling' factor or just because they are a status symbol. Today, consumers are looking for impeccable quality – they see investing in a premium brand as an investment that will actually end up saving them money in the long run. In Russia for example, even with the Rouble crashing, we saw so many Russians investing their money into Miele appliances.

"Take Miele's appliances for example – they may cost considerably more than other appliance brands because they are manufactured in Germany for an expected 20-year lifespan, which is a great deal longer to the traditional lifespan of competitor brands. They are also market-leading in terms of energy- and water-efficiency, and they set the benchmark with regards to industry-first technology that will not only make your life easier, but it will also turn you into a 'top chef', or as I like to say – with Miele, performance meets function," says Menday.

Hedging your bets on heritage

Another way Miele has remained ahead of the pack, so to speak, is by drawing on its rich heritage, says Menday: “Miele has been around since 1899 – that equates to a long 116-year history of building and developing market-leading appliances. It’s also one of the few companies of its size that remains privately owned by the fourth generation family members of the original founding partners. It is this kind of long, stable and successful history that consumers trust, especially when times are tough, as these brands have managed to survive through hard times by placing an emphasis on high-end craftsmanship, durability and quality.”

Continuous innovation

Menday notes that today’s successful premium brands have focused less on aspiration and more on inspiration: “Miele has always been at the forefront of technological innovation. However, during tough economic climes, this on its own isn’t enough. As such, we were forced to be creative and introduced some game-changing marketing drives that have really contributed towards our long-term growth.”

He says that one such drive was the introduction of the Miele Experience Centre Events, where consumers can come and enjoy cooking demonstrations by celebrities and well-known chefs: “Each of Miele’s Experience Centres has its own Events Kitchen that is well stocked with a host of Miele appliances – these are used to prepare the food, and thereafter, those attending can enjoy the delicious meals that have been made. It is a great social/marketing idea that has worked wonders since its introduction, as once people see first-hand just how convenient and efficient Miele appliances are, they inevitably want one themselves.”

Purchase with a conscious

Aside from quality and innovation, today increasingly more consumers, particularly the affluent ones, are making purchase decisions not just based on themselves and what they need, but from a more holistic perspective. This is a consumer trend that is fuelling the quest for everything green, says Menday: “Being environmentally aware is an enormous factor driving consumer behaviour today, as more and more companies and consumers alike begin to understand that their decisions can make an impact for the greater good. This, along with the understanding that by choosing energy- and water-efficient appliances, such as those from Miele, as a consumer, you can save money on your monthly utility bills. It’s really a win-win situation for consumers and the environment.” Miele releases an industry-leading Environmental Sustainability Report each year, which tracks the company’s impressive cradle-to-grave approach to being green.

What the future holds

Menday notes that he plans to maintain Miele’s well established growth base, and capitalise on its current momentum: “We have forecast that Miele’s growth will double by 2019.” So confident is Menday of Miele’s future growth, that the

company has recently extensively invested to give the Miele Experience Centre in Bryanston, Johannesburg a complete makeover: “We understand that once you have experienced a Miele appliance, you will be hooked for life and so the new gallery has been designed to offer those who visit, a true Miele experience – both in design and the way the showroom looks. Furthermore, the consumer can experience the functionality of the appliances in that they are able to actually try many of the appliances out.”

Menday concludes that people are still willing to spend a substantial amount of money on things, it just has to be worth it for them: “My view is that in order for a purchase to happen, there are three things that have to be answered in the affirmative: the need to buy, the ability to buy and the willingness to buy. Of course, Miele must be visible to the consumer too and as a result Miele is innovating with new business partners so as to widen its distribution and exposure. With Miele’s unbeatable mix of high-end quality, craftsmanship, innovative technology, green ethos, and best-in-market service, make answering ‘yes’ for the consumer a simpler process than ever before.”

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