

6 September 2021

Famous Brands

### Competition Commission Inquiry into Online Intermediation Platforms

1. Indicate the current size of online sales through your own website or application in terms of:  
Monthly customer site visits

a. Total monthly number of transactions

Famous Brands averages XXXX monthly transactions via their own online sales channel

b. Total monthly value of transactions

The value of Famous Brands online sales channel averages RXXXX per month

c. Proportion of total sales by your company (i.e. incl. physical stores)

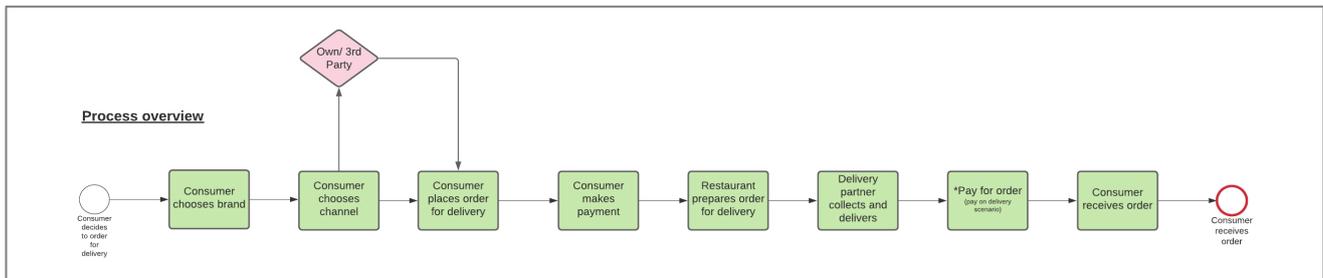
Famous Brands Online Sales channels contributes on average X% to Total sales

d. Growth rate in monthly online sales

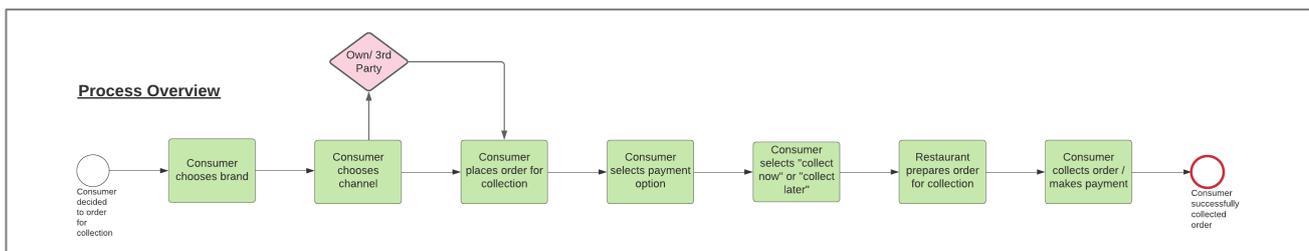
Famous Brands average monthly growth averages X%

2. Indicate the business process flow for order fulfilment on your online sales operations, including whether any aspects are outsourced to third parties (and if so, the fees payable)

### High Level Delivery Flow



### High Level Collect Order Flow:



3. Provide a breakdown of the costs of your online operations, including
- A breakdown of the total costs of your online operations on a monthly basis, incl. fees payable to third parties

FAMOUS BRANDS ONLINE CHANNEL COSTS	
License Fee	RXXXX
Marketing Fund	RXXXX
Order Processing Fee	RXXXX
<b>TOTAL COST</b>	<b>RXXXX</b>

- The average cost for order fulfilment per order in Rand terms and as a percentage of order value

Famous Brands average cost for order fulfilment is XXXX XXX of average order value XXXX

- The total monthly marketing costs used to promote the online sales channel incl. search, social media and above the line marketing.

Overall marketing costs (including TV, direct marketing, social and digital) to promote the online sales channel averages XXXX per month for the Famous Brands group.

4. What have been the challenges in establishing your own online sales service and meeting customer service expectations.

**Promoting online:** Consumer adoption for online ordering requires significant investment and continued investment ahead of the curve including but not limited to:

- **Competencies:** Online ordering requires a specific skill set both internally and externally. These skills are well sort after and in high demand due to the complexity of “on demand” ordering requirements. Given the context that South Africa is still in its infancy of eCommerce, there is a limited pool of local talent and therefore significant investment is required both upfront and ongoing to establish a world class online experience.
- **Capacity:** Opening a new online sales channels requires extensive training, additional capacity, including restaurant operations and delivery drivers. Capacity is also constrained at peak periods of ordering when demand outstrips capacity due to consumer “on demand” ordering requirements.

- **Marketing:** Significant initial and continued above the line media and digital campaign investment is required to drive awareness and consumer adoption of the online ordering sales channel.
- **Growing Database:** To successfully rollout and operate an online sales channel requires a large-scale customer database to ensure efficiency. This requires both new and repeat consumers through a well-managed database. Consumer transition from offline into an online sales channel requires significant investment through marketing and operational execution to ensure repeat business.

5. What is your experience of consumer online behaviour in your product category, including:

a. The extent of online channel adoption and for which product categories

Online adoption is sensitive to the consumer segment and product category thereof. Demographics, access to smartphones, internet access and the cost of data plays a big role in the adoption of online ordering.

b. Consumer use and preferences for online platforms with multiple businesses relative to the direct channels operated by businesses

Convenience plays a major factor when opting to order online. Consumers are time poor, and this plays a major role when considering online ordering as opposed to utilising a direct business channel.

c. Whether platforms are necessary for reaching certain consumers

Online ordering certainly reaches new and existing consumers who are early adopters of online ordering and seek convenience through “on demand” services. Online ordering certainly reaches new consumers who would potentially never have engaged with the brand or product before, they now have access to this brand with the click of a button.

6. Provide any market research (incl. consumer research) undertaken by your business on online sales channels.

No market researched undertaken on online sales channels.

7. If you make use of online platforms to sell your products in addition to your own online presence, please answer the following questions:

- a. Name each platform used and indicate the total number and value of monthly transactions through each platform

Total Online Ordering Volume (All Channels & 3<sup>rd</sup> Party Platforms – Mr D & UbeEats)  
Averages XXXX transactions per month.

- b. Provide the average wholesale price discount on the retail price or fees payable to each platform, whichever is relevant

Average commission fees to 3<sup>rd</sup> party aggregators for Famous Brands (Mr D & UberEats) is XXXX% of the order value inclusive of VAT.

- c. If you were to stop selling through all these online platforms, could the sales generated through these online platforms be quickly replaced by sales through your own website or traditional sales channels (Y/N)? Please explain.

**Yes:** Remote convenience/home delivery continues to grow, and this would drive online sales in own websites and apps if not available elsewhere. (Albeit unlikely to replace completely as consumers continue to want choice within the market) Consumer behaviour would still require access to online ordering and therefore this would certainly drive own online ordering sales channels.