

Early investors in 4IR startups reap rewards

Early investors in startups with exposure to the Fourth Industrial Revolution (4IR) are benefiting from significant revenue growth despite the physical constraints introduced by governments' responses to the Covid-19 pandemic.



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Brand Hubb, an innovative e-commerce platform that influences how consumers interact with leading brands, experienced triple-digit growth in margin, revenue, and user interactions over the first seven months of 2020, despite the economic fallout caused by the coronavirus and lockdown.

“Part of the attraction of digital platforms is that they empower businesses to perform to their full potential regardless of the constraints introduced by the physical world,” says Brett Dawson, an early investor in the business.

Dawson invests in various early-stage businesses that are using technology to transform traditional business models through his private equity vehicle, CAMPAN. His involvement in a new business ensures that two of the crucial components for success, namely management experience and capital, are in abundance.

“We invest in and nurture businesses that revolutionise customer service through the positive application of technologies such as automation, Artificial Intelligence, data exchanges and cloud-based solutions,” says Dawson, before observing that 4IR offers the perfect backdrop to achieve the dual objectives of improving society and delivering stellar returns for investors.

A challenge facing venture capitalists is to identify startups that are deploying technology in ways that encourage step-changes in consumer behaviour.

Embracing new opportunities

Brand Hubb is a case study in how changing a single behaviour can snowball into countless new opportunities. The business, underpinned by an innovative e-commerce platform, set out to offer consumers the ultimate digital retail experience; but soon embarked on a more challenging journey to revolutionise how local consumers interacted with leading brands. This journey was based on the premise that brands would reap huge long-term dividends by enhancing consumer relationships.

“We are challenging brands to rethink their digital marketing strategies in favour of meaningful customer interactions,” says Rob Anderson, CEO of Brand Hubb. He adds that their Brand Rewards solution was a mechanism through which brands could redirect part of their digital advertising budgets to the end-customer, thus creating unrivalled brand loyalty. Consumers get to share in the channel rebates that were traditionally reserved for wholesalers in the ‘brick and mortar’ retail world.

“From a brands’ perspective, the ability to offer more than product, by way of enhanced consumer engagements, will prove invaluable over the longer term,” he says.

Subsequent Brand Hubb innovations centred on maximising the utilisation of its e-commerce platforms while improving consumer loyalty, brands’ consumer networks, and business-to-consumer sales. “We have developed APIs that make it possible for leading brands to easily integrate our Brand Rewards offering on their existing digital platforms,” says Anderson.

“Participating brands are now able to compensate their loyal customers for interacting with them, on their digital platforms, instead of pouring money into Facebook, YouTube and other digital marketing agencies”.

Customer interaction

The desire to reinvent how consumers interact with retail led to the next Brand Hubb innovation, known as Chip In. This feature will forever change how South Africans give gifts. It is an online solution that unites gift-givers and gift-receivers around the common goal of a perfect gifting experience, enabling the process to take place entirely online. Those in the Millennial and following generations will have Brand Hubb, and the technology underpinning 4IR, to thank for preserving the art of gift giving.

Brand Hubb’s trading experience through lockdown confirms the value in digital platforms and offers valuable insights into the resilience of this business model through adversity. “We are in a unique position to assess certain aspects of consumer behaviour through lockdown,” says Rob. Comparing August 2020 to January 2020 showed a 1226% increase in site sessions; a 709% surge in total new user registrations; and an 895% spike in users on the site. The number of social media ‘followers’ was also up by 95%. This exponential growth, although not uncommon in the tech start-up world, was given a boost by government’s unprecedented response to the pandemic. But digitalisation alone cannot guarantee success.

“We will continue to expand the business by leveraging technology to improve or reinvent business models,” says Dawson. The secret to establishing and growing innovative startups is to identify areas that contribute to consumers’ pain or stress – and then figure out how to use technology to make this pain or stress disappear.