

How magic moments for consumers can start on the farm

Introducing the return on experience

PwC's 10th annual Global Consumer Insights Survey examined the consumers' opinions related to topics as diverse as online & mobile shopping, attitudes to brands and sustainability. A key takeaway was the growing importance of what PwC calls 'return on experience' or ROX – a smart new way of looking at consumer experience and satisfaction. This Point of View examines the main points of the global survey and discusses the implications of ROX with Roel van Neerbos, President of Consumer Dairy at FrieslandCampina.

PwC's Global Consumer Insights Survey is an annual publication keenly awaited by stakeholders across the consumer goods industries. The red thread of the 10th edition is the consumer's journey. It is vital for companies to measure and to invest in improving their customer's return on experience (ROX) which includes meeting expectations of a seamless experience across all interactions with the brand regardless of channel.

Brick and mortar

In-store remains an important channel, especially among younger consumers. This reflects the importance of the experience: younger people value an inviting rest area, exclusive services and tech aids – including a virtual experience of the products and services on offer – while older consumers find store design and ambiance important.

Innovation and engagement

Although the survey notes that many Dutch consumers prefer A-brands for a lot of their purchases, these brands are under pressure from private labels, trendy niche brands and direct manufacturer sales. A-brands therefore need to continuously innovate to stay on top, and major opportunities are available for consumer product groups who reinforce their direct links with consumers, providing more tailored product offerings and responding closely to trends.

Online shopping

For the Dutch market, one of the most striking results was the speed at which consumers have caught up with, and in some cases overtaken, the global average in terms of willingness to shop online: between 2018 and 2019, the global figure has increased from 26 to 31% while the Dutch has grown from 22 to 32%. Results also show that the proportion of consumers considering an online grocery purchase risen quickly in NL in comparison to the global average.

Sustainability matters... but so does the wallet

PwC's survey found that a higher percentage of NL consumers have less interest in sustainability than most comparable markets (19% compared to global average of 13%). The majority do still find sustainability important, with avoiding plastic & packaging a particular point of focus. Results also show that most consumers are willing to pay a premium for sustainable products (although again these figures are below the global mean).





Making the most of experience

Whether a company is active in household goods, health services, selling cars or financial services, a superior experience for consumers is what makes a winner. Building return on experience (ROX) creates a virtuous cycle and amplifies value. Measuring ROX helps companies understand and improve their return on investments into consumer interaction with their brand. ROX should be seen as part of ROI, not a single measure. Every company is different and product lines can even be different within a company.

The Six of ROX

Achieving and maintaining a high ROX depends on activities that PwC has subdivided into six categories:

1. focusing on consumers and employees;
2. building purposeful communities;
3. creating magic moments;
4. understanding consumer behaviour;
5. treating consumer data with respect; and
6. 'winning the trip' (the results ones achieve when implementing points 1 to 5 on the consumer journey).

Consumers and employees

Key components of ROX are the consumer experience (CX) and employee experience (EX), which are highly interrelated and should ideally be considered as a whole. Charting the connections between culture, certain critical behaviours and business outcomes helps identify where EX has the most impact on CX. Crucial components of this are employee pride, organisational identification and consumer-friendly behaviour.

Purposeful communities

Building purposeful communities rests purposeful communities, rests on robust and targeted use of mobile and social tools and platforms. Creating synergy between EX and CX is easiest when both groups are highly motivated and identify strongly with a brand or organisation. The key is to figure out what employees and consumers care about, communicate shared values and engage in meaningful ways with both audiences, especially on mobile and social platforms.

Making magic happen

When a company is able to engage with their consumers in a way that develops loyalty overtime resulting in an enduring relationship - they've created so called *magic moments*. PwC has developed systems that can measure ROX and track consumer loyalty enabling companies to see how effective they are being at making such moments and capitalising upon them. This is intrinsic to point four – an understanding of consumer behaviour that goes beyond traditional demographic categories and is as fine-grained and individualised as possible.

Last, but not the least is to always treat consumer data with respect. Consumers will take their business elsewhere if they don't trust a company with their personal details.

Once those five strategies are in place, it becomes easier to win over consumers on-premise or via e-commerce by understanding the experience they're looking for and making it easier for them to achieve it. It's important to cross-link online and offline channels in this context. Download the full report at

<https://www.pwc.nl/agrifood>



FrieslandCampina and ROX in action

Roel van Neerbos, President FrieslandCampina Consumer Dairy, on the ROX concept.



I recognise much of the ROX philosophy in the way we focus on creating and serving our brand ambassadors – or what I like to call stakeholders. A good example are the 19,000 member farmers in the Netherlands, Belgium and Germany who together own the company FrieslandCampina via the cooperative with the same name. When they open up their farms to the general public, they transform their farms into experience centres.

Families find it magical to see at first hand the calves and the milking, and engage at an emotional level that can have lasting benefits for our brand. While this is an

“Engaging at an emotional level can have lasting benefits for a brand.”

investment of our members, and one which can be very difficult to measure in terms of impact, it is clear that FrieslandCampina needs to continue investing in this

area. We also have to optimise opportunities to connect such visits with our product proposition.

Trust and shared values with our communities

Every touchpoint, both physical and digital, provides a chance to create an experience. After all, who do people trust most nowadays? Manufacturers and TV commercials have far less impact than the opinions of friends and online communities like TripAdvisor or friends and family. We trust our fellow consumers more because they have experienced something and rated it.

One can create a community using all kinds of social media and promotions, but the key to success does not necessarily revolve around who has the most followers. Having shared values is equally important: chocolate company Tony's Chocolonely is an inspiring example, with its anti-slavery message that speaks to their employees and consumers alike.

In a similar vein, we launched our new 'On the Way to PlanetProof' in the Netherlands in December 2018,

introducing to Dutch stores the first cartons of milk to feature a seal of approval from Milieukeur. This seal of approval from Stichting Milieukeur sets the standard for a broader sustainability approach for agriculture and horticulture. This allows consumers to choose more sustainable milk that meets high demands in terms of animal welfare, nature and climate. The extra few cents they pay directly benefits the dairy farmers involved and makes consumers feel like they are making a valuable contribution. It's been an instant success.

More purpose-driven

This initiative very much fits our goal to be a purpose-driven company that aims to ensure a better life for generations to come. How we create such purposeful communities depends very much on the character of individual countries. FrieslandCampina Consumer Dairy is active in 23 markets and present in more than 100 countries. We have opportunities to make our mark on all these communities while making our purpose come to life. It's crucial to add value: we do so, for example, by producing for private labels which also have the PlanetProof label. It's not

the consumer or the brand that decides, it's the

source. Milk

from farms that meet the very specific PlanetProof criteria gets the seal of approval and people gladly pay more for it.

“Every touchpoint, both physical and digital, provides a chance to create an experience.”

Escaping the commodity trap

Every product has a value equation. If it is overly commoditised, the majority of decisions will be based on price. PlanetProof is an example of how one can lift a product out of the commodity trap by adding value – in this case addressing the genuine consumer pain point of the environmental effects of milk production

If you want to improve the world, you don't come up with solutions only to keep them to yourself. The more people that join the PlanetProof revolution, the better. In the end, we trust that people will reward us for blazing a trail and creating an innovation that addresses an issue of importance to consumers. We have been careful to ensure the PlanetProof-seal is independent.

Magic moments

Magic moments need not necessarily break the bank. I remember taking the kids to a farm and watching the animals be put to pasture for the first time in spring. This is why I am so keen that our 12,000 Dutch member farmers host farm days to our consumers. If an average Campina Farm Day would attract and engage just 20 kids we would have 240,000 ambassadors, kids talking to other kids at school, creating communities.

These moments have a lot more power than sitting on a sofa watching a commercial for a product. They ensure that people feel connected to a brand and continue to buy its products in an almost sub-conscious way long after their magical farm visit. This is why I like the ROX model idea and why it's vital to take it onboard in modern marketing.

Every consumer has to choose the mix of goods, services and experiences they buy. Any happiness expert will tell you experiences are by far the best investment –

“As the saying goes: ‘If you have to pay for your media, your message isn't strong enough.’”

this is what I think is the essence of magic moments. My wife and I have always organised fantastic

holidays with our five kids, for example. They've all flown the nest now, but they remember those moments far more than the gifts we gave or the money that got them through university.

Understanding consumer behaviour

Today's consumers want personalisation. Mass marketing has already evolved into segmentation and

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now we're shifting to individualisation, from uniquely designed Nike trainers to your very own vitamin treatments regime.

That, in turn, requires an even greater understanding of consumer behaviour.

One of the key data analytics techniques we deploy at FrieslandCampina is growth hacking, a powerful tool for rapid experimentation across the marketing funnel, product development, sales segments and the like in order to identify the most efficient ways to grow a business. To give a simple example, you post a message on Facebook and follow it to see which consumer groups are sensitive to that message. Growth hacking means understanding who your messages relate to and who they don't. We have a large palette of messages that carefully focus on consumer behaviours and mind-sets.

Special occasions

An understanding of consumer behaviour is also crucial for product development, and this is increasingly based on another type of moment – what we at Campina call 'occasions'. These go much deeper than 'breakfast' or 'dinner': if you want a product to fit a certain occasion you need to be more specific.

'Breakfast in the car on the way to work' is a very different occasion to 'breakfast with the family at the weekend' and each need different solutions. The former requires something that doesn't spill, can be consumed with one hand and is ready to go. The latter requires a family pack with something on the side panels to keep the youngsters busy and stop them disturbing the peace. If you want to be successful, you need to understand and address individual behaviours or very small group behaviours in an accurate way.

“An understanding of consumer behaviour is crucial for product development.”



The big picture

In conclusion, I think it is fair to say that part of the global success of FrieslandCampina from a ROX perspective is the way we have successfully used the different levers of experience we possess to suit the various countries in which we operate. In Africa, for instance, the focus is on employee experience and providing a good living for farmers and their families. In the Netherlands we have already achieved this goal and can therefore focus more on purposeful communities (such as the PlanetProof concept) and understanding consumer behaviour. In other words, to make the most of your experiences you must always tailor them to local circumstances.

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