



# THOUGHTS FROM DENNIS



In today's fast-moving, information-saturated and technology-immersed world, communication and marketing are becoming ever more challenging. We are facing a world of connected consumers; a virtual community where every voice can exert an influence. Building trust is increasingly difficult. The credibility of institutions is being questioned. Belief in the traditional media is at an all-time low. It's "someone like you and me" that they now listen to.

This points us to a new group of influencers among the connected consumers: the "Super Leaders".

These are people who don't fit easily into a demographic group. They come from various age groups, educational backgrounds and income levels. The one thing they have in common is that they are the most active and social of all the connected consumers. Their comments, shared via social media, blogs, forums and independent review sites, have a key role to play in today's customer journey. They are, literally, a new breed of the key opinion leaders that brands have long looked to in their marketing activities.

Another challenge in the world of connected consumers is that the customer journey is shifting. It's evolving from a relatively linear process to a complex jigsaw puzzle. Regardless of where a purchase is made, online or in a store, connected consumers search for product information before, during and after buying, and look at multiple information sources – many of which are beyond the control of brands.

In so many ways, the product itself now needs to become a vehicle for direct communication, which means packaging has a key role to play.

Technology has opened up a vast range of possibilities. For example, every single carton can now carry a unique code that can be the key to personalised consumer engagement and two-way communication. It can also offer total traceability, allowing consumers to access information across all stages of the making of the product.

Digital technology is changing the way we live and work, and the way we communicate, both between ourselves and with consumers. This is just the start of an exciting journey, and we look forward to exploring this brave new world with our customers.

## **DENNIS JÖNSSON**

PRESIDENT & CEO, TETRA PAK GROUP

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### 01a. A world of consumer commentary

Consumers are rapidly moving away from traditional media to online, attracted by its greater choice, convenience, timeliness and often lower (or no) cost:

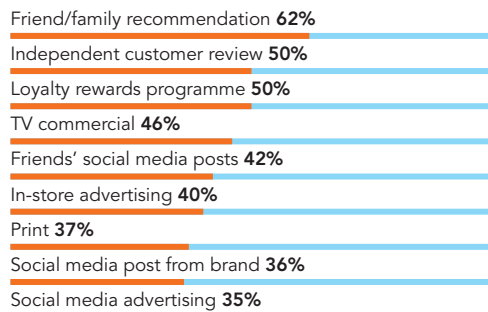
- Digital now accounts for 65% of media time for the average global consumer, and 72% for the most active users.
- 65% of connected consumers and 87% of heavy users read online articles every week.

User-generated content is increasingly influential and popular, particularly among young adults as they look to their peers (and celebrities) rather than traditional sources for entertainment and information:

- Around a third of connected consumers aged between 25 and 44 say that most of the content they watch is produced by users or celebrities, rising to 40% for 16-24 year olds.
- 37% of connected consumers and 67% of heavy users visit blogs and forums weekly.

#### Marketing influences by channel

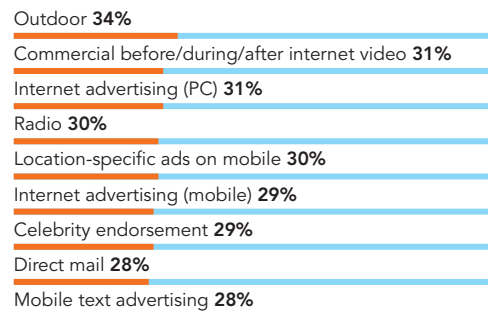
Rated very/extremely influential<sup>6</sup>



Even the most prestigious media sites today have user comments sections, turning them into de facto forums and breeding grounds for opinions. As Douglas Coupland, the writer who popularised the term Generation X, put it in a column in the *Financial Times* recently: "Agree? Disagree? Go to the comments section right now – it's 2017!"<sup>1</sup>

Social media spreads and amplifies opinions: one comment can reach millions of people around the world in a few hours – impossible via traditional media:

- Social media is now used weekly by 71% of average connected consumers and 88% of heavy users.
- Peer feedback is vital to purchasing decisions: independent customer reviews are the second most important marketing influence, after a recommendation from a family member or friend.<sup>2</sup>



### INSIGHTS & LEARNINGS

Brands are learning to engage proactively and with greater authenticity, and to change the way they gather customer feedback, enter new markets, adapt products and converse with brand advocates and detractors. As a result:

- 80% of millennials now want brands to entertain them.<sup>3</sup>
- 70% feel a responsibility to share feedback with companies after a good or bad experience.
- Connected consumers globally see social media as a means of brand interaction, with 48% seeing it as the preferred platform for expressing an opinion on a brand.
- They also see it as a medium that's substantially more believable than advertising (62% versus 38%).<sup>4</sup>
- Social media advertising is on the rise: in the US, for example, spend was \$16.3bn in 2016, up 50% on 2015.<sup>5</sup>

**"What really matters is an ROI-driven marketing strategy. I don't mean return on investment, I mean return on interactions: creating content that's not only meaningful, but engaging."**

Connor Blakley, YouthLogic

"Food and beverage companies need to think differently about connected consumers," says David Berkowitz of Sysomos. "They now have the opportunity of ongoing, direct relationships with their customers and target audiences. In the past, they had to rely heavily on media outlets and retailers, paying for time (such as TV buys) or space (such as on a prominent part of the shelf). Now, they can build up their own audiences to engage consumers wherever they are.

"This in turn allows them to receive feedback every step of the way, from testing product and packaging ideas to getting instant opinions on new products as soon as they hit the market.

"Moreover, many consumers want to be very engaged, and they welcome more information with richer detail on where products come from, how they are made, their ingredients, their healthiness, how they are packaged, and where they can be found. When products resonate with them, connected consumers are very open to spreading the word: they will share photos and videos privately and publicly, both of the product and its packaging."

**"Social media represents the digital reflection of what humans do: we connect and share."**

Jeremiah Owyang, Crowd Companies

### 01b. Mobile is king

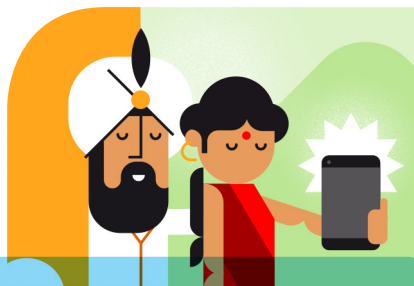
Providing “always-on” access and ever greater functionality, mobile is the main driver of connectivity today:

- The average global connected consumer spends 4.4 hours a day online, more than 56% of which is spent on mobile.
- 64% state that they are “constantly connected” throughout the day.
- Within an hour of waking, up to 93% of people with mobiles in developing markets and 78% in developed markets look at their phone.<sup>1</sup>

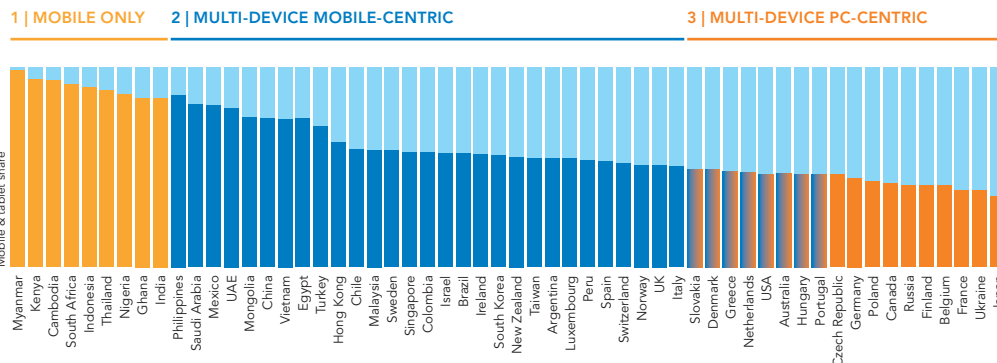
Not surprisingly, mobile is taking a rapidly growing share of marketing spend:

- In the US, mobile advertising has shown a CAGR of 87% over the last five years, jumping 77% in 2016 alone.
- This accounts for more than half (51%) of total digital ad spend for the first time.
- “[This reflects] brands’ marketing shift from ‘mobile-first’ to ‘mobile-only’ to keep pace with today’s on-the-go consumers.”<sup>2</sup>

The world is mobile-centric, and the last remaining PC markets are slowly migrating to mobile



Device-centricity Time spent on mobile/tablet versus PC daily



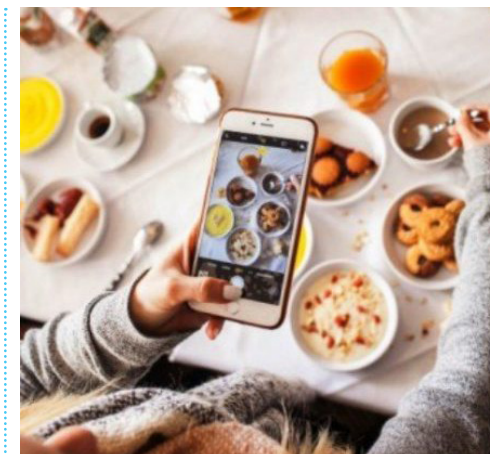
### INSIGHTS & LEARNINGS

In the developing world, mobile is helping markets to catch up rapidly, often skipping the PC revolution altogether, thanks to cheaper phones, better infrastructure and the growth of social media and e-commerce companies.

The combination of constant connectivity and social media offers brands the opportunity to reach out to consumers in the right way at the right time. For example, that early morning spike is clearly a prime time to connect, as breakfast, either at home or on the go, continues to be the leading consumption occasion for dairy and juice (see Granarolo case study, right).

Brands should look to other geographies for insight into potential future trends. A prime example is China, where more people reach the internet via their mobiles than in the US, Brazil and Indonesia combined.<sup>3</sup>

Thanks largely to heavy investment by local players, such as Tencent (the parent company of WeChat), China has become a showcase for mobile development; about half of all e-commerce here happens on mobiles, for example, and it also leads the world in the use of mobiles for cashless payment.



Granarolo in Italy built a campaign around the “social breakfast”, celebrating it as an occasion for exchanging experiences. It prepared breakfast in a tour of 12 cities, inviting food bloggers to contribute and share recipes. It featured the event “live” on its Twitter and Facebook page, and created an Instagram hashtag #colazione congranarolo.

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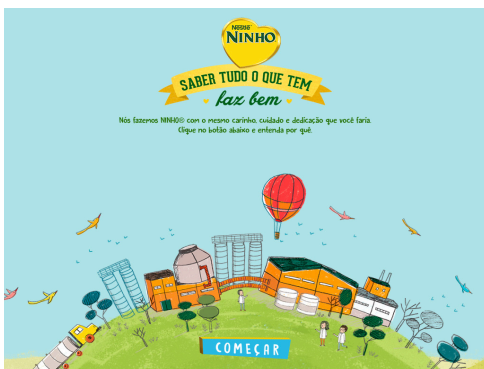
### 01c. Trust, tone & influence

The dairy and juice industries alike are working hard to communicate the scientifically proven health benefits of dairy and juice products, both to leverage consumer interest in health and wellness – far and away the dominant trend in food and beverage today – and to combat negative messaging. The key challenges here are twofold:

- To cut through the clutter and ensure that messages are heard.
- To ensure that those messages are believed.

While interest in health and wellness is at an all-time high, trust in traditional sources, such as scientific experts, has fallen. Indeed, according to the 2017 Edelman Trust Barometer – which tracks global levels of trust in business, media, government and NGOs in 28 countries – institutional trust is “in crisis” today:

- Trust across all institutions among the general population has just seen its biggest decline in years.
- Traditional media in particular has suffered and is now distrusted in 82% of countries.
- Mass population now has the authority. “A person like yourself” is now as credible as a technical or academic expert (tied at 60%) and personal experience is more believable than data (51% versus 49%).
- People are four times more likely simply to ignore information that supports a position they don’t believe in, making it almost impossible to shift an opinion once it becomes entrenched.
- Technology makes it much easier for people to find others with shared views, creating “echo chambers”. Moreover, thanks to personalisation, they are less likely even to be aware of alternative views.



The themes of honesty, authenticity and emotional connection all feature in the current campaign by Nestlé for its Ninho milk brand in Brazil. Launched last year, it addresses what Nestlé calls a crisis, both in confidence in its product and in the economy. Five videos

shown on TV and the brand site showcase the “real people” behind Ninho – from farmer to machinery operator – telling their stories in their own words, mixed with interviews with mothers doing the same. The tagline is: “We make Ninho with the same care and dedication that you would do”. Viewers



A digital campaign that confronts negative beliefs about UHT milk is being run by Tetra Pak India. Its goal is to drive adoption of UHT milk by disproving the myth that it contains preservatives, explaining how the protective barrier in aseptic packaging works, and persuading consumers that the Tetra Pak logo stands for safety – hence the title, Safe For Sure. Food

safety and trust is a huge issue in India, where 73% of consumers say they will only buy from companies and brands that they trust completely. The campaign features a mix of education and engagement and is a great example of peer-to-peer communication, with mother and father bloggers on popular parenting sites “speaking” directly to the parenting community. Meanwhile, a social media contest across Twitter, Facebook and Instagram encourages consumers to share their “selfie” with the Tetra Pak logo, to drive the habit of looking for the logo on packs.

### INSIGHTS & LEARNINGS

Today’s “trust crisis” impacts on how food and beverage brands communicate and how they address negative messaging about dairy, sugar in juice and/or processed food in general, which proliferate online and via social media.

To take just one recent example, research with more than 2000 adults by the National Osteoporosis Society in the UK found that blogs and social media were a major driver of “clean eating” diets, which go against science-based nutritional advice. Such diets had been tried by four in 10 of those aged between 18 and 24, with more than 20% cutting or severely restricting their dairy intake as a result.<sup>1</sup>

Honesty, authenticity, humanity and emotional connection in communication are therefore crucial, both in terms of tone of voice and choice of champions. In addition to the vital top-down scientific advice, it’s just as important to cultivate “real people” as brand advocates to foster peer-to-peer conversations – a key role for the Super Leaders we will meet in the next chapter.

While trust in traditional media is at an all-time low, trust in online-only and owned media are both on the rise, demonstrating the opportunity for branded content sites and sponsored partnerships with bloggers.

are then directed to the brand’s Facebook site to post their own stories, which get an instant response. The campaign is still ongoing so full results are not yet in, but it’s clearly highly engaging: as of 2 May 2017, the Facebook site had 813,142 likes and 809,932 followers.



## A NEW FRAMEWORK / 02

While everyone online has a voice, some speak louder than others. Understanding how people behave online requires a new kind of segmentation framework. At the “top of the tree” are the Super Leaders, the most active and most social group of all. The earliest of adopters, the influencers and the trendsetters, they are a vital key to unlocking the connected mass market, now and in the future.



## 02a. Online segmentation

Online behaviour transcends conventional demographics, so we need to use a new kind of consumer segmentation framework that describes these differences in consumer groups (see right).

These consumer segmentations can often defy demographic stereotypes: for example, 76% of 16-24 year olds are not Leaders, while 50% of 45-54 year olds are not Functionals.

**“We all look to our friends and network, these people that influence us to broker our time and interest – whether it’s for products or ideas. It’s absolutely critical that brands nurture these relationships and, in a sense, piggyback on the trust and audience these influencers have gained. It’s one to one to many marketing.”**

Joe Fernandez, Klout

## INSIGHTS & LEARNINGS

By segmenting connected consumers only by traditional demographics, it’s easy to miss important insights into how they gather information and behave online. That said, age still matters to the way people connect – but it matters less. Younger people remain the most connected and new trends continue to be spearheaded by younger generations, but older generations are closing the gap:

- The 16-24 age group globally spends 4.9 hours a day online (63% on mobile).
- Time online steadily declines with age to 3.4 hours for 55-65 year olds, who still spend the most time on a PC (55%).
- But older generations are rapidly increasing their time on mobile over PC. Also, social media usage climbed 8% among 55-65 year olds between 2015 and 2016.

Online behaviour transcends conventional demographics and it’s important to use a new kind of consumer segmentation framework that describes these differences in consumer groups:



**Observers:** Spend a lot of time online, but are less open to engaging with brands in a digital social space.

**Functionals:** Spend the least time online – either through choice, or lack of access. Will often use online where there is a tangible advantage, but are the slowest to adopt new trends. The least social of all the groups.

**Connectors:** Spend a limited time online, but when they are, they are heavily social.

**Leaders:** The most digitally and socially active. They may not spend any more time online than the Observers, but they are highly social, creating and sharing content, and engaging with brands.

**Super Leaders:** A subset of the Leader segment. Spread around the world and comprising just 7% of the online population, this is the most active and social group of all. Likely to be the earliest of adopters, the influencers and the trendsetters.



Juhayna in Egypt built a potentially emotional family-centric campaign around its white milk. Launched for Mother’s Day, it invited consumers to post a photo of them hugging their mum with a choice of two hashtags: one

would generate a donation to Baheya Hospital, which provides free early detection and treatment for breast cancer; the other a free round trip from campaign partner Uber to take their mum for a check-up. Moreover, 1.5% of Juhayna milk

sales for a limited period would be donated to Baheya. The campaign ran across Facebook, YouTube and Instagram, and was integrated with offline channels, notably TV, plus digital PR – which saw considerable take-up. The campaign generated 9.5 million

impressions and 1.9 million video views on Facebook, reaching more than 8.6 million consumers and with tangible engagement with nearly 170,000. Instagram reached almost 2.5 million, while YouTube delivered more than 233,000 views.

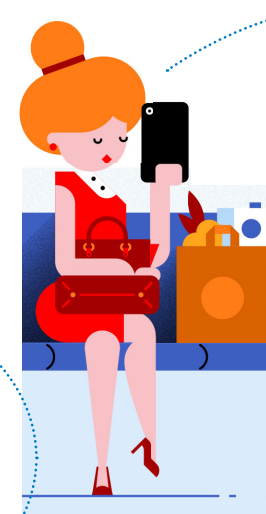
## 02b. Super Leaders: the new opinion leaders

Food and beverage brands have long used key opinion leaders (KOLs) to influence demand and promote their products. In the information-saturated digital world today, Super Leaders are a new breed of KOL.

### INSIGHTS & LEARNINGS

Super Leaders are a golden source of brand advocacy and influence in an age where consumers are becoming both more vocal and more likely to listen to and trust the opinion of their peers. Super Leaders are cultural amplifiers: potent and prolific commentators who pick up and help disseminate trends. Online for more than six hours a day, they are well connected and highly vocal.


As early adopters and trendsetters, Super Leaders are a vital source of market intelligence. Studying their behaviour today gives insights into the behaviour of the mass consumer tomorrow. Listening to and engaging with them can help brands learn about emerging trends and needs, and adapt or develop products accordingly.



"A challenge for brands that want to engage via social media is that consumers are moving to more private chat channels, where messages are harder to track," says David Berkowitz of Sysomos. "Even on Instagram, younger consumers often create a public account geared toward their parents and

acquaintances and a private account where they show their true, less polished selves to their friends. Social media offers brands a tremendous opportunity to understand their consumers better – but there's also a burden of being constantly under a microscope as such brands live and operate in public spheres."



 Hi-C recruited a wide range of influencers and consumers to spread the word about its re-release of Ecto Cooler last year. Pegged to the premiere of the *Ghostbusters* movie reboot, the relaunch was announced across print, broadcast and online media, often

alongside the official movie trailer. Sample "first taste" kits were sent to media outlets, celebrities, influencers and bloggers to create a buzz around the launch on social and digital channels. Sites such as Nerdist and Mashable did just that by hosting Facebook Live reviews of Ecto Cooler, while influencers

including a designer at BuzzFeed, an editor at *Entertainment Weekly* and the editor-at-large of CBS Entertainment took to Instagram, Twitter and YouTube to post about the relaunched drink. Cocktail/mocktail and food recipes were also shared on social media to inspire fans to host themed parties.

### 02c. Where & how to engage

Our research gives an insight into how to reach and engage with Super Leaders.

#### Reviews, ratings & comments

Our findings show how important reviews/ratings are now for food and beverage brands:

- 80% of Super Leaders read reviews/ratings on food and beverages monthly and 70% do so weekly – rising to 97% and 93% respectively in China.
- Social media is the prime source (73%), split fairly evenly between brand and friends/connections. Online forums and shopping portals rate particularly highly in China.

It also shows how prolific Super Leaders are at commentating:

- 68% (90% in China) write reviews at least monthly, with 57% doing so weekly.
- The main outlet is social media (75%), although blogs/forums also rate highly (47%) and shopping portals are particularly important in China (54%).
- Almost all those who write reviews/comments tag the relevant brands at least some of the time, and just over a third always do. This reflects their desire to be heard and their expectation of getting a response: indeed, 78% say that they expect the brand to reply, rising to 93% in China.

- 90% say that a reply improves their brand perception, which again underscores just how important it is both to listen to and engage with online conversations.

For brands that are still cautious of engagement with consumers for fear of negative commentary, there is some encouraging news:

- By some margin, Super Leaders are more likely to comment on a positive than a negative experience (63% versus 24%), perhaps due to the pervading social media culture of projecting a positive, successful and happy public persona.



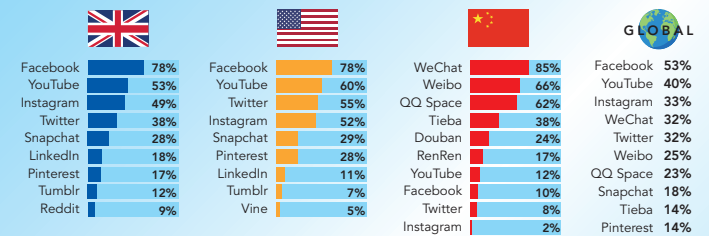
 A good example of a campaign that connects with social media influencers was run by Dimes in Turkey, part of its efforts to boost juice and nectar consumption by creating a stronger emotional link with key consumer segments across various brands.

Dimes created Turkey's first concert to be broadcast live on Facebook, inviting active online consumers to attend – helping the hashtag #kesfebasla into the top 10 list in trending topics during the event. Interest was raised before the event by encouraging consumers to send

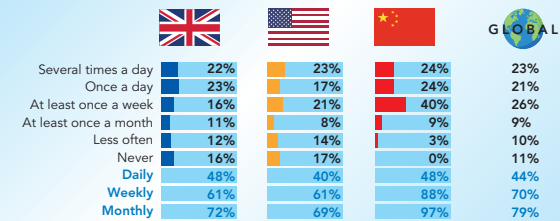
WhatsApp messages to local singer and TV star Can Bonomo (pictured above at the event) asking him to perform. Dimes also partnered with travel bloggers to create "road trip" routes to summer festivals, generating 240,000 views.

### Super Leader interaction with packaged food and drink brands

Where does interaction happen?

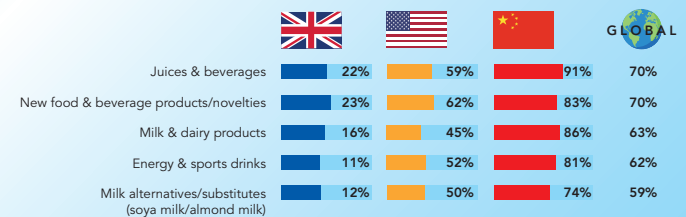


#### How often?



### Reading reviews/ratings for packaged food and drinks brands

Which categories do Super Leaders search for?



### Blogs & forums

These are clearly a vital source of information – and outlet for comment – for the most active and influential connected consumers:

- 75% of all respondents read blogs/forums at least monthly, while 95% in China and more than 50% in the UK and US do so weekly.
- The daily figure is also strikingly high in China (63%) and the UK (42%). It's lower in the US, although still significant at 28% of respondents.
- Half of respondents in the UK comment on blogs and forums at least monthly and 40% weekly. The practice is less common in the US, but it's hugely popular in China: 90% contribute at least monthly and 76% weekly.
- Around a third of Super Leaders in China are food and drink bloggers. The figure is lower in the UK (19%) and the US (15%).

### Image & video posting

This is an increasingly important form of user-generated content and commentary:

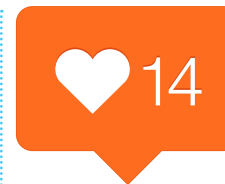
- Nearly 80% of Chinese consumers post food and beverage images weekly, while around half do so in the US and UK.
- Facebook is by far the #1 outlet in the West, while in China it's WeChat Moments. Instagram is strong in the US (45%).
- The main reason for posting in the West (at around 45%) is to share a moment or experience, demonstrating the connection between food and beverage and lifestyle.

- This reason also rates highly in China (on 58%), but still comes in third after commenting on or reviewing a product (68%) and showing something new (60%), demonstrating the greater interest here in brands and products generally.

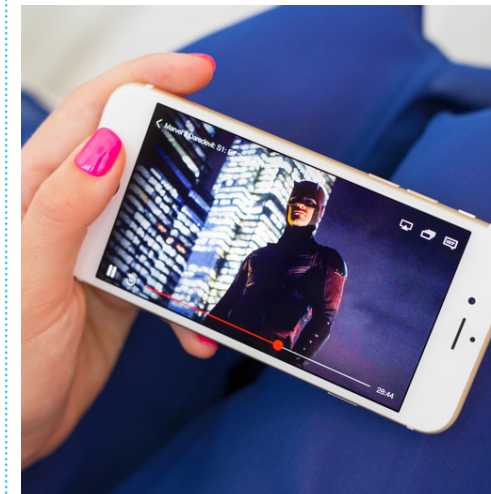
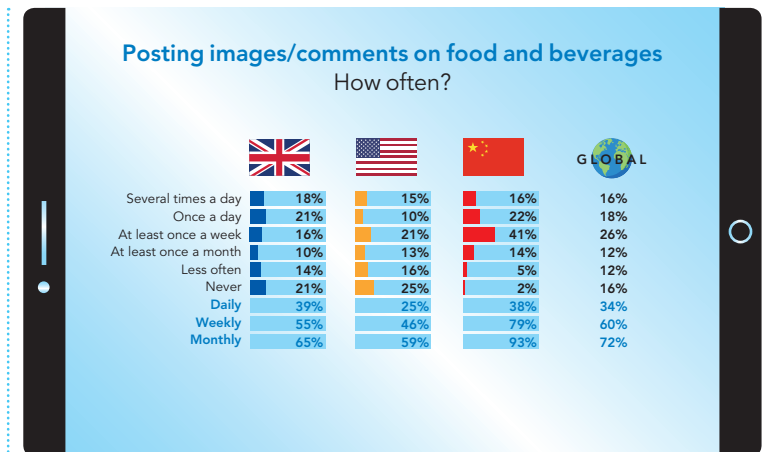
### INSIGHTS & LEARNINGS

A powerful force in culture and commerce, Super Leaders can be difficult to reach with traditional media, but brands that take the time to understand and properly engage with them online will find a willing and influential audience. Indeed, Super Leaders are often strikingly eager to engage with brands:

- They frequently interact with food and beverage brands on social media, with 79% worldwide doing so monthly, 70% weekly and 44% daily.
- These figures rise to 97%, 88% and 48% respectively in China, which is clearly a hotspot for product interest, brand engagement, e-commerce and connected consumer trends generally.
- 79% of Super Leaders globally believe that this kind of interaction significantly improves their opinion of brands, while 81% say that it improves their likelihood of making a purchase.
- Again, these figures are higher in China at 92% and 94% respectively.



According to a recent study published in *Psychological Science*, the Instagram “like” button demonstrably affects the brains of teenagers. All those in the study were significantly more prone to “like” images that had already been “liked” a lot. According to MRI scanner results, this is because activity in the nucleus accumbens, a hub of reward circuitry in the brain, increases with the number of “likes” that a photo has, as does activity in the social-cognition sections of the brain.<sup>1</sup>



KASPERS GRINVALDS/SHUTTERSTOCK.COM

Digital video is increasingly appealing to marketers: in the US, it hit a record \$9.1bn in 2016, up 53% on 2015, with video revenue on mobile up 145% to nearly \$4.2bn. “Digital video’s powerful ability to attract engaged audiences is naturally attracting greater investments,” says IAB.<sup>2</sup> Forrester says online video budgets have grown 114% since 2014 and 72% of media buyers will spare television budgets for more online video. It forecasts a continued 18% CAGR for video – the steepest increase in digital ad spending going forward.<sup>3</sup>



## REDEFINING THE CUSTOMER JOURNEY / 03

With the offline and online worlds becoming increasingly blurred, managing the customer journey is becoming much more complex as consumers come to expect a seamless experience across all channels, via mobile, desktop and in-store.

### 03a. Consistency is crucial

Greater connectivity and the proliferation of online platforms present a challenge for brands, as consumers expect a consistent experience and messaging across all the touchpoints where they interact.

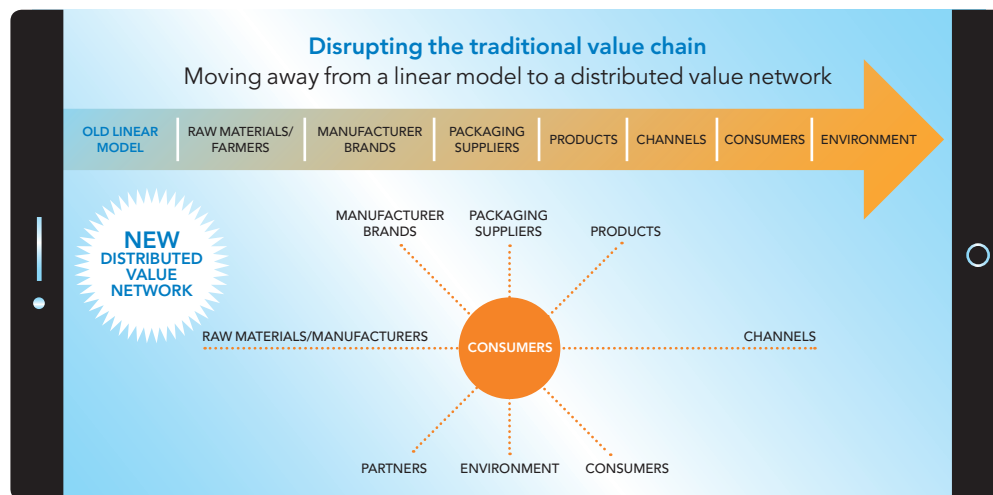
#### INSIGHTS & LEARNINGS

Our research shows that disconnects between touchpoints impact negatively on brand perceptions. But where there is consistency, the greater the number of channels, the more positive the brand perception becomes – particularly for Super Leaders.

However, while it can be tough enough for brands to be consistent across their own channels, there is a growing number of other relevant touchpoints along the customer journey over which they have much less control.

That's because we are moving away from the traditional linear value chain model to a distributed value network in which every link might interact directly with consumers: farmers, raw materials manufacturers and packaging suppliers, for example – not to mention other consumers.

Brands need to take an “omnichannel” view to market their products and manage their customers. This is far broader than “conventional cross-channel done well”. It involves coordinating and partnering with an ever widening range of sources to ensure consistent marketing messages, purchasing opportunities and customer experiences.



### Safio MyPack's fully integrated campaign plan



Campaigns need to embrace as many touchpoints as possible on the customer journey, online and offline. A good example comes from Saudi Arabia: the launch of Safio's MyPack, the world's first personalised carton for the kingdom's market-leading flavoured milk brand. At the heart of the campaign was in-mall branding and activations to drive engagement and stimulate word of mouth, both online and offline. Photo booths across major cities – Riyadh, Jeddah and Dammam – allowed kids to take photos that enhanced the personalisation of the package. The campaign helped to reverse a decline for the brand, fuelling an 8% growth in monthly sales during the campaign period and a rise in market share from 13% to 16%.

### 03b. From push to pull

Connected consumers are changing their behaviour from a “push” to a “pull” model of information, seeking out what matters most to them on the customer journey and ignoring or simply not seeing what they consider irrelevant. This is particularly true for Super Leaders:

- The vast majority (87%) of Super Leaders search for information at least once as part of their food and beverage purchasing process, mainly before buying (81%) when they look at an average 4.4 sources.
- In China, 82% of Super Leaders also search for information while buying.
- Globally, brand sources rate highly, with the brand website highest (80%), followed by reviews/comments on shopping portals/websites (68%), and brand and third party sources on social media (63% and 62%).
- Price is the main information searched for everywhere, while details on the product package is a strikingly hot topic in China (81%). Americans and Chinese consumers particularly look for ingredient information and user reviews.

### INSIGHTS & LEARNINGS

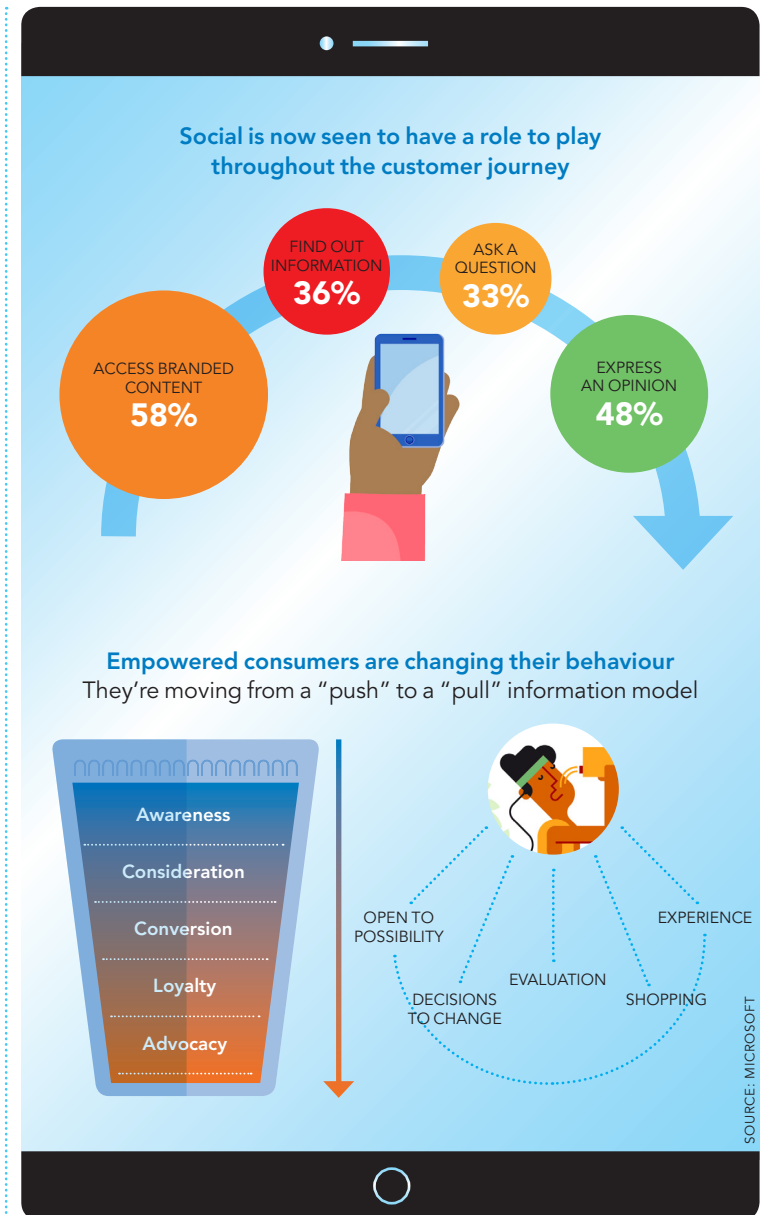
Social media clearly has a role to play throughout the consumer journey (see graphic, right), whether the purchase is ultimately made online or offline:

- The key touchpoints are at the start and end of the journey – to access entertaining brand content and express an opinion – with other channels providing information and customer service in between.
- It’s particularly important for brands to respond to post-purchase comments, which can tip the consumer from happy customer to active brand advocate.
- The “traditional” brand website remains vital: it is by far the preferred touchpoint for finding additional information about a brand, ahead of asking friends and family, and blogs, forums or review sites.

Online advertising remains relevant – for now:

- 30% say that “viewing advertisements” online influences their shopping behaviour.
- 38% of connected consumers worldwide enjoy content from brands on social and 37% think tailored ads are a good idea, rising to 59% and 53% for Super Leaders.
- However, execution is key, with 34% of global connected consumers and 51% of Super Leaders saying they “often feel followed by brands online”.
- This is a contributing factor to the use of ad blockers, now used by 18% of connected consumers and 26% of Super Leaders worldwide, with regional spikes as high as 27%/37% (UK) – again underscoring the usefulness of social media-based marketing.

A recent Forrester report in the US, provocatively titled “The end of advertising as we know it”, predicts that the days of traditional digital display ads are numbered.<sup>1</sup> “Once [consumers] can get what they want without leaving themselves open to interruptions – whether through voice interfaces or AI-driven background services – they will feel even more hostile to ad interruptions than they claim to today. That means the 38% of US online adult users already trending toward computer-based ad blocking and ad avoidance will continue to expand – not out of hostile consumer intent, but out of casual indifference to advertiser interests.”<sup>2</sup>



### 03c. In-store still pivotal

Although e-commerce is rapidly growing in importance, food and beverage are still mainly purchased offline – and in-store activity remains vital, according to Nielsen:

- Beyond a brand’s base equity, trade promotion – including displays, in-store advertisements and promotions – remains the most effective volume driver.
- Stores are a top source of new product discovery, too, ranking number two in Europe on 56%, after a recommendation from friend or family (58%) and ahead of active internet searching (48%).<sup>1</sup>



Another good example of a successful online/offline campaign comes from Mengniu in China. Run over the Chinese New Year holiday period, the campaign for ChunZhen ambient yoghurt encouraged consumers to share “bluntly true” messages, matching the idea of a pure product

### INSIGHTS & LEARNINGS

In-store promotion clearly remains pivotal to new product launch campaigns. While good package design is vital, it is visibility that matters most: across categories, the top-performing package design is seen by approximately 70% more consumers than the bottom-performing design.<sup>2</sup>

However, digital exerts a strong influence even over offline buying, largely due to the rise of the smartphone:

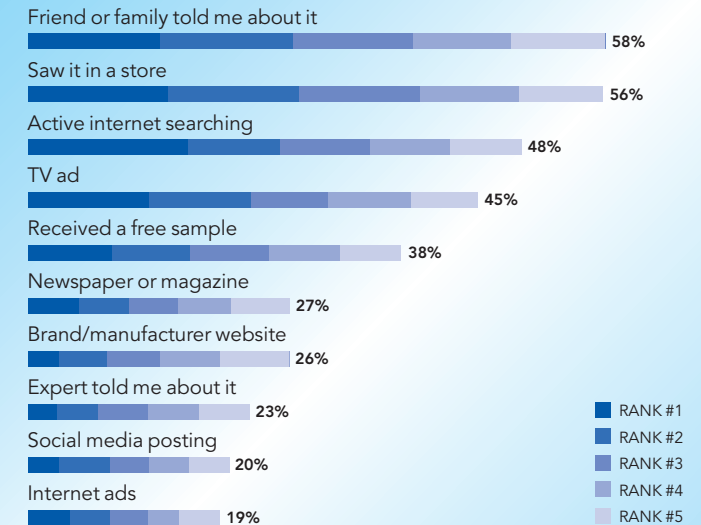
- More than half of all in-store purchases today are influenced by digital channels.<sup>3</sup>
- Consumers frequently make offline purchases based on research and interactions made in advance online (what Google calls the “zero moment of truth”), but they’re increasingly influenced by online in-store too.
- Among smartphone users, nine out of 10 have used their phone in store, and eight in 10 report that its use influenced their eventual purchase.<sup>4</sup>

with no flavourings and additives. It created six new package designs with an emoji on one side and a message on the reverse: such as “It’s none of your business!” to relatives, “I am hard working!” to the boss, and “You are a good man, but sorry” to a jilted admirer. A WeChat page allowed consumers to share their own versions of such

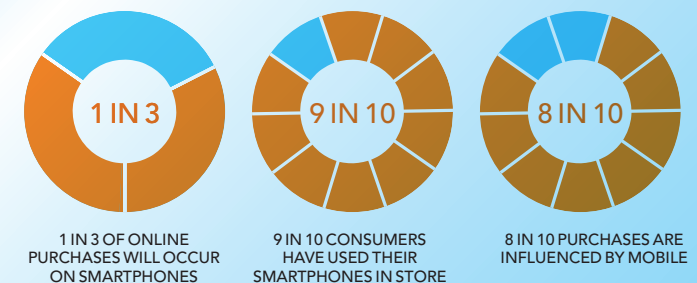
messages with friends, while a Weibo hashtag discussion invited them to share pictures of themselves with the product on the way to a New Year gathering, expressing the feelings and words they wanted to share at that moment – a highly successful initiative that attracted key opinion leaders. Brand videos ran on mainstream sites such

as YouKu and Tencent, along with a self-shot video by a Chinese online celebrity shared on Weibo. In-store promotions allowed consumers to access the app, try the product and also connect directly to the brand site via prominently displayed QR codes.

### Top sources of new product discovery for European consumers



### The rising influence of mobile



SOURCE: NIELSEN

SOURCE: DIGITALSIBI



### 03d. Rise of e-commerce

Our research shows that e-commerce is rising 22% year on year for food and grocery sales generally and 38% for non-alcoholic drinks, with plenty of room for future growth:

- While 14% of connected consumers buy groceries online, 59% are open to doing so.
- Better price, good quality and a frictionless experience are all cited as key drivers for this growth.
- E-commerce is forecast to account for 10% of all food purchases by 2021, with some major regional spikes, such as 15.4% in the UK and 25.1% in South Korea.<sup>1</sup>

Mobile is increasingly important as an e-commerce platform:

- “Mobile devices have turned the corner as purchasing tools,” says PWC’s Total Retail 2016 report. “Mobile commerce is now firmly on the march toward becoming the online shopping tool of choice.”
- Investment bank Goldman Sachs predicts that, at the rate retailers are currently integrating mobile into the shopping experience, mobile commerce will account for almost half of all e-commerce by 2018.

China is a global leader in mobile e-commerce, providing an insight into the path that the rest of the world might follow:

- 65% of consumers in China shop online via their mobile at least monthly while only 12% have never done so, compared with 28% and 46% respectively worldwide.
- Most Chinese consumers now use a mobile app such as WeChat Pay as a means of

paying for retail transactions, the bulk of which take place in convenience stores.

- Looking ahead, 59% of Chinese consumers say that their mobile will become their main tool for purchasing items, compared with 34% worldwide.<sup>2</sup>

### INSIGHTS & LEARNINGS

Digital guru Professor Scott Galloway<sup>3</sup> believes that “the sun has passed midday on the brand era”. He points out that the percentage of consumers who can identify a “favourite brand” has been declining for years as consumers increasingly find products by relevance via search engines, choose them via user ratings and peer recommendations, and buy them via e-commerce sites where they engage in a very different way from a store.

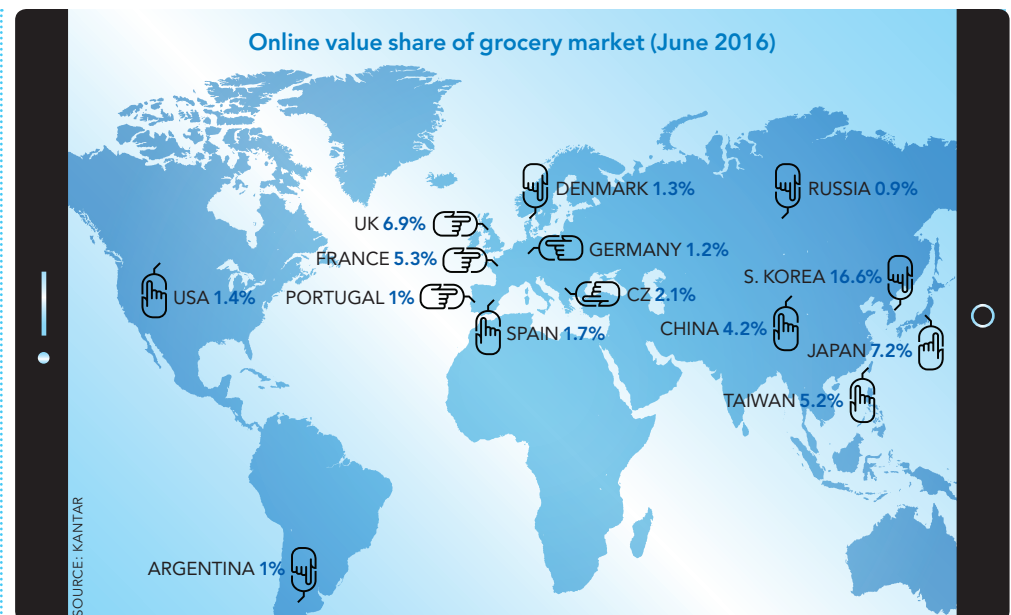
The world’s largest online food retailer, Britain’s Ocado delivers 340,000 orders a week, with no stores, just warehouses. “For goods picking, we have 500 workstations across two warehouses using 32km of conveyors,” says Sverker Lindbo, Head of Concept Development, speaking at a recent Tetra Pak event in Lund. “We use human pickers for now but are developing robots to do the job. In time, all products supplied to us will need to be unpackable and pickable by robots (they hate shrink wrap!).”

“Big box grocery stores may soon be gone. People now use Ocado for their weekly shop, but convenience shopping – ordering and getting items delivered within an hour – will happen in cities soon. The growth of deep discount means that online will be the only way to reach the consumer with a long-tail offer – supplying a lot of low-volume products, rather than focusing on a few blockbusters – as has happened with books.”

E-commerce undermines much of the equity in packaging design and in-store positioning and promotion: it is a “democratising” force compressing brand leaders and challengers alike into the same small two-dimensional space – particularly an issue on mobile.

Amazon is seen to be by far the most disruptive player, due to its scale, innovation and investment capital. Recent activities demonstrate the scale of its ambition in the grocery arena: its \$13.7bn acquisition of Whole Foods; the launch of its AmazonFresh same-day grocery delivery service, introduced in the US and extended to the UK in 2016 and Germany in 2017; and the trial of its high-tech Amazon Go concept store.

Amazon’s Alexa voice service is particularly significant, as it removes visual references altogether. “Increasingly, branding is becoming bypassed so that ultimately the only thing that matters is the e-commerce site itself,” says Ivan Nesterenko of Tetra Pak. “Consequently, it’s crucial for brand owners to have other means of connection to their products and brands.” One of these is the digitally enabled package, as we will see in the next chapter.



### 03e. Packaging matters

Innovations in packaging are providing brands with new opportunities to engage and deepen relationships with connected consumers.

#### The digital package

Thanks to digital printing, it's now possible to print a unique digital code on each and every package. This digital package code can be scanned by ordinary smartphones, allowing all kinds of innovative possibilities:

- With an interlinked supply chain, brands can make traceability more transparent, sharing information with consumers right down to the farm or grove that their particular product comes from.
- The package can be the gateway to a customer engagement programme: a lottery ticket, a unique identifier for an online competition, a loyalty token or a means of creating a one-to-one channel with individual consumers.
- The information flow can be two-way, allowing producers to capture specific, valuable information about their consumers as part of the digital code interaction.


**“The digital package gives brand owners a direct link to the consumer through the most important communication channel there is – the product itself. Why should they have to go through media owners and social networks to reach their consumers?”**

Erik Winberg, Tetra Pak

With Tetra Pak alone producing some 190 billion packages per year, the potential reach of digital packages is substantially greater than any social media platform.

Our research shows that 65% of Super Leaders in both the US and UK would be interested in such package interactivity, rising to 89% in China, where QR scanning is more commonplace and where such digital packages are already proving successful.



 Tropika in South Africa combined on-pack marketing and mobile for its “Nothing Smoother” campaign. Consumers simply had to follow the on-pack instructions and send a text to enter a competition to win a holiday to the Maldives, or lesser (but instantly redeemable) prizes of a free lunch

at partner restaurants. The campaign also featured a series of 50 short videos featuring local celebrities, edited to the most suitable length for each channel, including Facebook (which had the highest engagement and reach), Twitter (great celebrity engagement), Instagram, YouTube, Vine and the Tropika brand website. The campaign videos

#### Printing & personalisation

According to a report by Mintel, 24% of consumers like packaging that has an appealing design dedicated to a limited edition, seasonal or special release.<sup>1</sup> Digital printing makes it much easier for brands to tap into this trend, enabling production of smaller batches more easily and more cheaply. Personalisation is even more attractive, both to consumers and to brands:

- 40% of millennials want to participate in co-creation of products and brands.
- In 2015, 45% of shoppers spent money on personalising a product or experience – and were happy to pay significantly extra.
- In fact, consumers say they are happy to pay up to 150% more for custom items.<sup>2</sup>

reached more than 8.5 million consumers on Facebook alone, generating some 1.7 million video post engagements. The campaign also reached out to 1200 influencers on Twitter, generating 675 engagements that created 7.1 million opportunities to see the videos. Instagram was also notably successful.



In 2016, Safio in Saudi Arabia launched the world's first personalised carton package featuring 25 of the most common Arabic boys' and girls' names. Backed up with an integrated launch campaign across in-store, radio and social media, the flavoured milk product sold 56 million packs in three months, helping Safio regain 1.2% market share.



 GoodBelly, the pioneer of delicious and organic probiotic juices in the US, designed a side panel to its packages to showcase the life of the carton packaging used. The engaging graphic takes the consumer along the lifecycle of the package, from material sourcing to recyclability. With colourful graphics and strategic content, the panel effectively showcases the benefits of the carton and reinforces GoodBelly's mission and values.<sup>3</sup>



Tetra Pak is currently field testing a solution that taps into the opportunities for digital packages. Consumers scan a unique QR code via a digital app downloaded from Google Play or Apple Store in order to gain incentives. The data gathered is stored in Microsoft's Azure Cloud and analysed to build detailed consumer profiles and create more personalised experiences.



 Pinar Kido became the first brand in Turkey to use AR as a key part of a campaign to increase brand awareness for its flavoured milk – a strong-performing segment that’s growing at around 10% per year and now accounts for some 8% of the nation’s UHT milk consumption. Run from September to November 2016, the “Discover Space” campaign centred on a smartphone game, offering prizes of telescopes and family trips to “space camp”.

Children simply had to download and start the app, show the pack to their smartphone camera and play. A version of the game also appeared on a dedicated website ([www.kido.com.tr](http://www.kido.com.tr)), and the campaign was promoted via digital channels, TVC, cinema and leaflets with “six for five” vouchers in multipacks. The campaign reached 2.5 million consumers, with more than 6000 games played and 3100 vouchers redeemed. Sales doubled during the campaign period.

### Augmented reality

Augmented reality (AR) is a technology that displays digital information against the backdrop of the real world, unlike virtual reality, which is all-encompassing and replaces the real world. AR has been around for a while, but with the rise of the smartphone with its built-in camera the potential has massively increased – witness the phenomenon of Pokémon Go, a smartphone game that superimposes digital Pokémon on to public and private spaces. Expect to see much more of AR, as big technology firms invest in the technology, such as Facebook with Oculus and Microsoft with HoloLens.

### INSIGHTS & LEARNINGS

Today only 7% of packaging is printed digitally, but that share is projected to grow significantly and the worldwide print market is set to grow from its current level of around €407 billion to €420 billion by 2020.<sup>1</sup> More brands are likely to offer customised packaging via online ordering.

“Coca-Cola, for instance, is very adept at appreciating how its packaging plays a role in getting people to talk about its products,” says David Berkowitz. “It has been running ‘Share a Coke’ globally for years in a range of markets, offering location-targeted names on Coke labels, which people share with friends digitally – or by actually buying them a Coke. Additionally, in the UK, Coca-Cola brand Oasis temporarily reworked its fruit-themed bottle

labels to make them appear as a face, solely so that Snapchat would recognise them as such: consumers could then digitally swap their face with the one on the bottle. Ten years ago, the idea of changing a label just to appeal to people sharing photos would have been laughable. Now, it’s the new normal.”

Meanwhile, e-commerce’s disruption of the traditional moments of truth suggests a rethink of the very purpose of packaging design. If the package doesn’t need to stand out on the shelf, that vital marketing real estate can be used for engaging content, such as recipes, product source information, environmental credentials, promotions and new product information, all of which can be personalised by leveraging customer data.



# BECOMING A DIGITAL-SAVVY ORGANISATION

## Five recommendations for organisational readiness from General Assembly, a global education company

### 1. An executive mandate, repeated often

Given the far-reaching implications of a truly successful digital transformation, it's critical to have full support from the top and to ensure that this voice is heard throughout the organisation.

### 2. An effective structure

With competitors emerging and taking market share faster than ever, companies must ensure they have the structures and capabilities to support agile, innovative and customer-centric ways of working. The Coca-Cola Company recently reshuffled its leadership team, merging marketing with its customer and commercial teams to create a Chief Growth Officer, as have other FMCG consumer goods giants including Colgate-Palmolive, Coty and Mondeléz. Coca-Cola also appointed a Chief Digital Officer last December, to ensure global alignment of its systems around a single digital marketing agenda.

### 3. A capabilities plan that balances "build, buy & borrow"

Some companies find it tough to balance the knowledge of existing staff with the fresh thinking needed to adapt to the digital age. Hence the importance of a three-pronged strategy that balances "build" (training), "buy" (hiring and M&A), and "borrow": leveraging more creative ways of working such as embedding agency teams, running hackathons or partnering with accelerators and the like. For example, L'Oréal has made a strategic investment in Founders Factory, a digital startup accelerator, announcing the selection of its first five beauty tech startups in January.

### 4. Objective skills data, updated frequently

The rapid pace of change means there's far more information on which employees must stay current. Assessments, surveys and interviews with key stakeholders are critical to getting a clear point of view on the current state of skills and digital readiness within the organisation. Online training tools that allow employees to create personalised learning paths are also indispensable. For example, L'Oréal recently worked with General Assembly to create a digital assessment and educational programme for its marketing population. Marie Gulin-Merle, Chief Marketing Officer at L'Oréal USA, calls the initiative a comprehensive "GMAT<sup>1</sup> for digital", addressing modern practices for data, search engine optimisation, mobile marketing, social media and content creation. "It's one of the engines for our digital transformation. We believe that learning is an essential part of the evolution of our marketing know-how."<sup>2</sup>

### 5. Share, engage & trust

"A majority of brands today aren't utilising their biggest marketing asset: their employees," says social media Super Leader Andrew Wasyluk. Many companies continue to be wary of social media and to be too focused on the "don'ts" rather than the "dos". By contrast, General Electric takes care to engage and educate its employees to be proud of who they are and what they know, and to encourage them to become brand ambassadors. It provides a tool that makes all stories that are approved for external use easily accessible to employees, who are encouraged to share these stories through their own digital networks.

**"Leading companies recognise that, in order for their digital transformations to work, their people need a structure, mindset, skills and vocabulary that support and drive the new strategy."**

Anand Chopra-McGowan,  
General Assembly

Last year, Tetra Pak Brazil took a group of customers on an inspirational trip to Silicon Valley, including visits to Facebook, Google and start-up incubators.

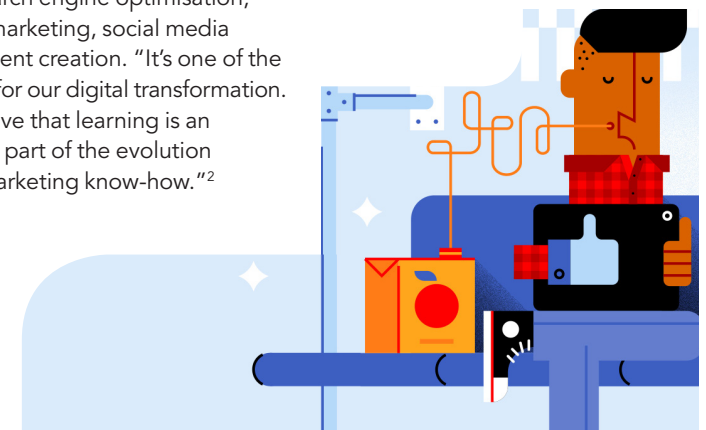
"We really saw how the mindset of building brands through traditional media alone is outdated," says Marcelo Queiroz, MD Tetra Pak Brazil. "It's clear that brands need to establish a close relationship with consumers in the digital space by delivering tailored and unlimited

experiences – but a new mindset is required to take advantage of the endless resources available.

"As for ideas, the real excitement was in the incubators. Everything moves so fast. It's not about protecting innovation any more; it's about speed and quality of execution. We learnt how organisations often focus on trends, which are ongoing patterns of change – but actually it's better to focus on the disruptions that break

those patterns. That's the focus in Silicon Valley: there's a disruptive, insurgent mindset.

"Meanwhile, barriers to entry are being lowered: tools of the larger food industry, including financing and cutting-edge technology, are now more accessible to new brands and producers. So we all need to embrace this insurgent mindset. The future is happening now and consumers won't wait for brands that are slow to figure it out."



# SUMMARY

## A world of consumer commentary

Digital media, blogs/forums and social media are all on the rise. In an online world where everyone has a voice, brands can't speak loud enough on their own. They need to engage proactively, cultivating user-generated content, learning from and partnering with bloggers, and harnessing the power of Super Leaders to spread and amplify their messages.

## Mobile is king

The online world is increasingly mobile-centric, particularly in developing markets, which often skipped desktops altogether. China is notably advanced: to study the latest trends, look here. Brands need to start with a mobile-first strategy – in fact, in the US, some are shifting to “mobile-only” to “keep pace with on-the-go consumers”.

## Trust, tone & influence

With institutional “trust in crisis”, consumers increasingly trust “people like us” who share their values, priorities and outlook on life. Brands need to show that they share these traits too; to be more transparent and speak with greater honesty and authenticity, while leveraging “real people” as brand advocates. “The public believes that companies should lead the way and will rally behind them for a cause they believe in.”

## Segmentation & Super Leaders

Online behaviour transcends conventional demographics and requires a new kind of consumer segmentation framework. The most active and most social group of all connected consumers are the Super Leaders: the earliest of adopters, the influencers and the trendsetters. Well connected and highly vocal, they can be a golden source both of brand advocacy and market insight.

## Where & how to engage

Super Leaders are strikingly open to engagement: almost half have daily interactions with brands on social media. They strongly expect brands to respond to their reviews and comments, most of which tend to be based on a positive experience; such responses have a very good impact on brand perception, underscoring the importance of engagement.

## Consistency is crucial

As channels proliferate and ever more links in the value chain interact directly with consumers, brands need to work harder to create consistent messaging and a seamless customer journey across multiple touchpoints. Mobile is increasingly the “glue” that connects this “omnichannel” experience.

## From push to pull

The vast majority of Super Leaders search for information at least once on their purchasing journey, mainly before buying (81%) when they look at an average 4.4 sources. Social media has a strong role to play throughout, but the “traditional” brand website remains a vital information source.

## In-store still pivotal

Food and beverages are still overwhelmingly purchased offline and in-store marketing remains critical to product campaigns. But digital is key here too, influencing more than half of all in-store purchases.

## Rise of e-commerce

E-commerce is rising everywhere and is forecast to account for 10% of all food by 2021. It is causing disruption across the value chain, with major players such as Amazon promising much more to come. Mobile is “firmly on the march toward becoming the online shopping tool of choice”.

## Packaging matters

As consumers now look for personalised experiences from brands, unique digital packages, AR and custom printing provide new opportunities for brands to engage and deepen relationships – and, crucially, to connect directly with them.

## RESEARCH & REFERENCES

### Research methodology

The research for this report was carried out by Kantar TNS and comprises three parts:

1. Baseline quantitative from its Connected Life top-line findings carried out between June and September 2016, based on 70,000 samples in 57 markets plus in-depth market reports for India, Japan, US, Brazil, China, Germany, Italy, UK, Turkey, Egypt and South Africa.
2. Deep-dive qualitative Super Leaders study, which investigated the daily life of the connected consumer and explored their thoughts on campaigns in Italy, US and China with a week of tasks set in an online community.
3. Further insights quantitative, based on a 15-minute online survey among Super Leaders in the UK, US and China to investigate their shopping journey and what, how and why they share online.

All data in this report is based on this research, except for the case studies or where indicated and referenced below.

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