

HOW DOES THAT MAKE YOU FEEL?

THE POWER OF CONSUMER EXPERIENCES



KANTAR



THE POWER OF CONSUMER EXPERIENCES

There's no doubt about it, the wants, needs and expectations of the British consumer have changed dramatically over the past ten years.

The buying public is smarter, savvier and more selective than ever before. Their decision making processes have evolved, with consumers increasingly seeking their own solutions to the challenges they face. Confronted with an almost overwhelming array of choice, there's also a palpable sense of product fatigue among many, cynicism among some, and a yearning for a bygone era for others.

Meanwhile, technology has broken down the geographical and social barriers which historically limited access to products. Simultaneously, traditional notions of ownership have shifted as physical products are replaced by experiences and digital services.

Product manufacturers and marketers have become more creative, and in doing so they have raised the bar in terms of customers' expectations. Any brand exchange which consumers have – whether at the purchase or consumption stage – must now do more than scratch an itch or tick a box. As a result, trading up and down has become the norm, with shoppers

simply choosing to spend more on what matters to them and less on what doesn't.

At the same time, emerging technology and the challenges brought about by growth in new channels have forced retailers, manufacturers and brands to fundamentally rethink how they forge a connection with shoppers.

The experiential phenomenon has emerged as one way things are being shaken up. It represents a shift in priorities – away from simple product functionality to something more intangible and, arguably, more meaningful to the consumer.

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HOOKED ON
A FEELING

With so much variety now in the market, creating stronger connections with consumers through experiences has become a way for brands, retailers and manufacturers to re-assert their position at the forefront of consumers' consciousness.

What exactly the 'something more' which experiential can provide is in some sense left up to the customer – experiences are, after all, personal by nature. For consumers, what springs to mind when defining experiential is likely to be overt, proactive engagement with a product or brand. However for some brands a more hands-off, subtle approach – whether in store or at the product level – can often be more effective.

As well as making them more attractive to new and existing shoppers, at its most powerful, experiential retail can allow brands to premiumise their offer – put simply, by combining an experiential dimension with a solid and functional product they can essentially charge for both. What brands need to ask themselves is what makes a new experiential idea genuinely effective – as opposed to being a gimmick that attracts attention to a brand only in the short term. This isn't an easy task to pull off effectively, and for products in more focused or niche sectors it may feel impossible.

However, the best ideas in experiential all have certain things in common. There's no shortage of successful examples across retail's many sectors, and there are a number of universally true themes which underpin an effective experiential approach.

We look at some of them here.

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IT'S GOT YOUR NAME ON IT

Personalisation is one of the broadest ways in which brands can add an experiential element to distinguish themselves. Making something feel unique to each consumer and giving them a sense that a brand is engaging with them on a personal level can range from building entirely bespoke products to simply tweaking packaging to provide what only feels like personalisation.

While the opportunities for personalisation are vast the practicalities can often get in the way. Online, personalised experiences are relatively straightforward. In fact, they have become more of a default, whether that's through saved shopping lists, Netflix offering tailored recommendations of what to watch next or targeted advertising based on previous purchases. It's much more of a challenge in the world of analogue retail. Depending on the category, bespoke elements may either be impossible (where products are pre-packaged or mass produced) or come at great cost of time and money to the consumer – think of a Saville Row suit or made-to-measure furniture.

By giving customers a sense of control over the contents and functionality of a product, brands can benefit from the engagement stimulated by a truly personalised experience without

needing to commit too many resources. Pepsi's Drinkfinity range – flavour pods intended to be used on the go to enhance tap water – makes consumers feel they are creating their own tailored drink, giving them a more personal relationship with the product.

The iconic 'Share a Coke with...' campaign, which replaced the brand's logo with popular male and female names on its cans, took this one step further and featured no real personalisation whatsoever. Consumers still reacted as though they had a chance to make a bespoke purchase, buying bottles as much to share with friends on social media as to actually drink.

Whereabouts in the customer journey an experience takes place can vary. 'Share a Coke with...' engaged customers at the moment of purchase,



but these strategies can be just as effective at the point of consumption or further down the line. High-end brands like Apple invest in their distinctive packaging so heavily because peeling off the plastic cover and being the first to touch a virgin phone gives consumers such a rush, YouTube videos of others doing this often merit millions of views.

Personalisation can come even later. Yeo Valley and Fairy Liquid, for example, encouraged shoppers to get creative with their empty packaging, demonstrating the importance and effectiveness of using experiential at each and every stage of the consumer/brand interaction.

For brands and manufacturers, this and other experiential approaches have the added advantage of engaging consumers in a way that doesn't rely on money-saving promotions, which can often leave consumers feeling confused or misled. An opportunity to move away from promotions is a welcome reprieve for consumers and a way brands can add value to a commoditised market. However, the challenge which remains is how to find a way of making each product individual while still maintaining production values and brand consistency.

A word of warning is also required. Overreliance on personalisation or leaving too much to the discretion of the consumer can lead to shoppers feeling confused and overburdened. Waitrose's 'Pick Your Own Offers' initiative gave its customers a choice of products to buy at a discount, but with the onus on the shopper to make the decision it proved counterproductive. As with many aspects of experiential, it's all about having an idea which is strong and simple. This will drive true engagement.



Hannah Robbins

Cultural strategist at Kantar

Brands need to ensure they're focused on being interesting, beneficial, fun and above all relevant to consumers when they deploy experiential marketing strategies. Shoppers are acutely aware of overt marketing and are adept at recognising where a brand has stretched itself beyond credibility.

The fashion for the fully immersive (such as Secret Cinema) is moving on to experiences more related to the real world, more connected with the things that people are genuinely interested in. For example, the team behind the Make My Magnum pop-up ice cream bars knew the social and cultural kudos their experience could give, and ensured they were highly shareable to boost their social reach.

Although some sectors and brands are more obviously placed to provide experiences, certain

aspects of great experiential marketing are universal whatever the organisation:

- **Work hard to be genuinely engaging and interesting.** Remember that it isn't always easy in a world of instant sharing.
- **Be fun.** Where the brand message has a more serious tone, a warm-hearted approach is often best.
- **Be credible.** Brands mustn't forget who they are, or what they stand for.
- **Connect with the wider relevant culture.** This will broaden the audience and help increase engagement.
- **Get the right people involved.** This may well be social influencers, who are on the lookout for cutting edge trends to tap into.

EDUCATION, EDUCATION, EDUCATION

On the surface, it can be difficult to develop a product or brand's personality when the goods are relatively straightforward and have a clear single use. Yet fewer than one in ten consumers have no emotional engagement at all with a product's provenance, which suggests that most people welcome the additional information that can bring a product to life. Whether it's a soft drink or a pair of socks, character can humanise a product and create an experience for shoppers which sets it apart from the competition. To do this, brands need to educate their target market and effectively create a personality for them to interact with.

There are two distinct ways brands, retailers and manufacturers can do this – giving consumers knowledge of the product, and giving them knowledge of their values.

Innocent was a trailblazer for the product knowledge method. Its quirky approach to telling shoppers about its simple ingredients has been widely copied, particularly in the organic and free-from food market, and helped it retain the position of best-selling smoothie brand for the past five years.

Meanwhile, the technique of educating customers about brand values is being used by food retailers across the price spectrum. The #LidlSurprises advertising campaign pursued an actively open approach to communicating the provenance of the retailer's products, stimulating a response among consumers which helped bolster its



image and premiumise its lines. Aldi's use of social media to promote its products works in much the same way, in particular by dispelling antiquated ideas about discount supermarkets by comparing itself to its more traditional competitors.

If brands are looking to generate both product and brand knowledge simultaneously, offering consumers an engaging backstory can be very

effective. Making a brand come alive in this way gives shoppers something to relate to, and a reference point when deciding which product to pick up off the shelf. It's no surprise that of the top 10 most chosen FMCG brands in the UK, seven can be considered brands with a strong British heritage – for shoppers, choosing one of these brands over another can feel like returning home to an old and trusted friend.



Backstory isn't limited to existing brands. In crowded markets such as craft beer, new entrants are drawing on their local credentials or unusual ingredients – making consumers feel more knowledgeable about the products and fast-tracking their route to becoming a credible brand name. This is why being able to drink a pint two miles from where it was brewed is an experience for which customers are willing to pay a premium.

This does not need to be limited to premiumisation. A more proactive approach to sharing knowledge is a powerful tool in changing perceptions, such as McDonald's use of virtual reality (VR) tours of its providers' farms to dispel consumer myths around the quality of its ingredients.

WORLD PANEL PLUS



FEWER THAN
1 IN 10

**PEOPLE HAVE NO EMOTIONAL
ENGAGEMENT WITH WHERE A
PRODUCT IS SOURCED**

SECOND HAND IS JUST AS GOOD

While consistency is key, brands and retailers shouldn't necessarily concern themselves with giving each and every one of their consumers access to the same experience. For example, they can choose to directly target an experiential interaction towards only a small number of consumers. If they do so in a way that will elicit an emotional response from a wider audience, then this broader set can feel the second-hand benefit of the experience just by making a purchase – a win-win result for the brand.

This is the philosophy behind brands like Red Bull. Consumers don't just choose it because of its taste or potency – they buy it because they can experience an associated thrill without ever actually needing to go skydiving or motor racing themselves. Customers aren't only paying for an energy drink – they're buying a vicarious rush.

The increasing number of fashion brands and retailers launching collaborations with high-end designers, as H&M has done so successfully, offer a similar attraction. These limited ranges aren't intended for mass consumption – only a small proportion

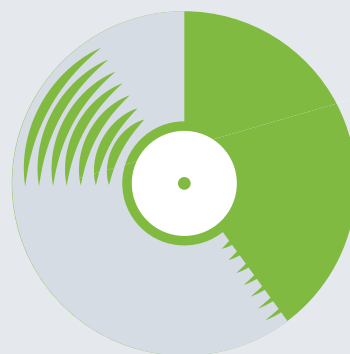
of consumers will ever get their hands on the product. Yet just knowing of their existence means customers can enjoy a relationship with a brand which carries premium, highly desirable lines and shares their style values. Brands can use this thinking to employ experiences which enhance their outward perception, without the need to actively engage with their entire target audience.

This phenomenon is also well demonstrated by the sheer volume of consumers who are now willing to buy products which they can't actually 'use'. The vinyl resurgence, for example, is not simply down to a rise in music lovers seeking a higher quality sound. People are also buying records without the intention of ever playing them, doing so just for the second-hand authenticity and nostalgia that vinyl brings them.





WORLDpanel PLUS



40%

**ARE ATTRACTED TO
PRODUCTS THAT MAKE
THEM FEEL NOSTALGIC**

In fact, 40% of people are attracted to products which make them feel nostalgic, and examples like the vinyl trend show that people are willing to pay for this sensation.

In the digital age it seems consumers are willing to go to extra lengths to own tangible and analogue products – even if they are only for show. This suggests that for some retailers and

manufacturers, providing customers with an experience can be as simple as going back to basics and rewinding the clock. By embracing the most authentic and stripped back version of their product, they can in fact produce goods with a strong experiential characteristic.



BRINGING IT ALL BACK HOME

Increasingly, products are succeeding when they can recreate an out of home service – one which is inherently experiential – in the comfort of a consumer's kitchen or living room.

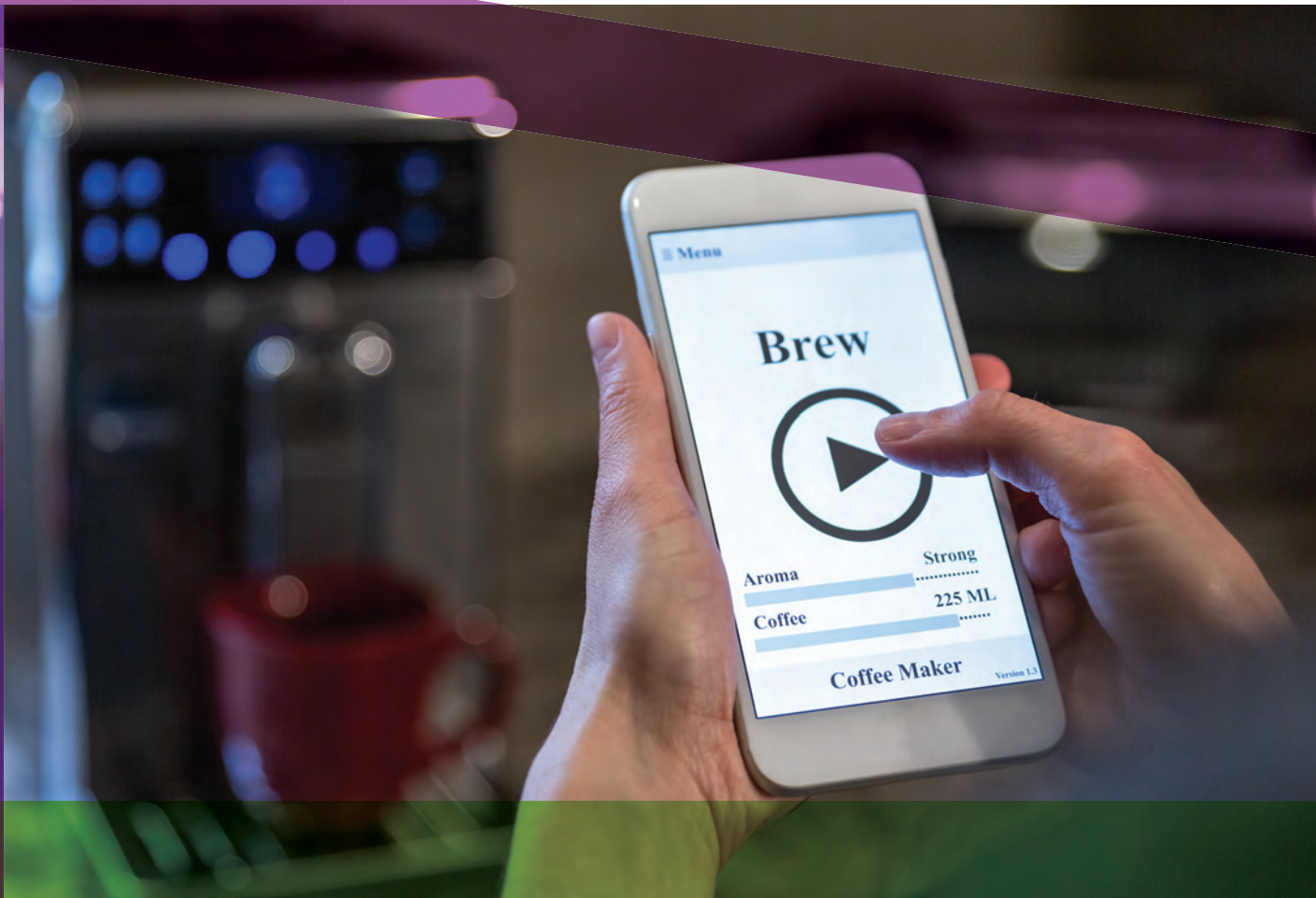
This presents a huge opportunity for take-home brands to narrow the price gap between what customers pay when they are out and about and what they are prepared to spend on having the same product at home. By aligning themselves closely with out of home experiences, manufacturers and brands can more easily justify a higher cost for their products.

In fact, this is the strategy behind one of the most successful grocery categories in recent years – coffee pods. This market has actually outpaced the phenomenal growth of out-of-home coffee, increasing in value by almost 20% to £211 million in just one year as shoppers clamoured to recreate the satisfaction of a barista-brewed drink in their own homes.

The phenomenon isn't limited to coffee. The current generation of 18 to 44 year olds is buying fewer alcoholic drinks for consumption at home than in previous years, but what they do buy is higher quality and at a higher price point. This is reflected in the growing trend for home-made cocktails, rather than heading out to a bar for the professional version.

Meanwhile in the entertainment sector, learning from out of home has been an effective response to intense competition from streaming services, which have effectively commandeered the cinema experience. With consumers more interested in access than ownership, streaming platforms like Amazon Prime and Netflix are making huge inroads into the traditional markets: the percentage of consumers buying physical films has dropped by 15 percentage points since 2014, down to just 31%.

Physical entertainment providers have been forced to draw on the benefits of premium technology to keep up.



WORLD PANEL PLUS

49%



**OF CONSUMERS THINK
IT'S WORTH SPENDING MONEY
ON ENTERTAINMENT
TECHNOLOGY TO MAKE THEIR
HOME MORE ENJOYABLE**

For example, advancements such as Blu-Ray and 4K resolution have brought a price premium to video as the quality gives consumers a cinematic experience in their own homes, with the added benefits of choice, pausing and unlimited numbers of viewers on the sofa.

49% of consumers think it's worth spending money on entertainment technology to make their home more enjoyable.

It's important for brands and manufacturers to understand that their product itself doesn't have to equal the experience – it can simply facilitate it. This is because the success of an experience doesn't necessarily depend

on the quality of just one item: a night in with a movie, popcorn and drinks can still be enjoyable, even if the film turns out to be a turkey.

More than half of people think it's worth spending money on food and entertainment for a night in. Brands and manufacturers need to recognise this – understanding what's important to people and what they value most. What it is about the going out experience that is special to consumers, how can your product help replicate this at home, and how can you communicate this to the consumer when they're at the decision-making stage?

FIGHTING THE GOOD FIGHT

Tapping into social concerns is an effective way of generating consumer traction. It allows brands and retailers to become the channel through which consumers feel like they're making a difference – whether the shopper is doing it with sincere concern or on a more superficial level.

From the consumer's perspective, this works in both an active and more passive sense. Shoppers feel good buying footwear from TOMS, for example, knowing that their purchase has supported people in need around the world without any additional demands being placed on them. In contrast, the increasing number of coffee chains offering discounts for shoppers bringing reusable cups requires direct action from the consumer, showing that the onus can be placed on them to engage.

It's true that for some consumers, being socially responsible is more of a fad or a trend: a way of promoting and curating their image by tapping into the fashionable issues of the day, whether that's through social media activism, a slogan t-shirt or a wristband. But in extremely competitive markets, making the most of these concerns – anything from Fairtrade and organic to sustainable use of materials – can help consumers see a product in a new light and encourage them to engage on a deeper level.

57%

OF CONSUMERS FEEL
BETTER WHEN BUYING
ENVIRONMENTALLY
FRIENDLY BRANDS



45%

FEEL BETTER WHEN
BUYING A SOCIALLY
CONSCIOUS BRAND





Jamie Thorpe
Customer experience
director at Kantar

The experience a brand gives its customers is the only true differentiator it has. When experiences make us happy, the satisfaction or even excitement they bring can result in people having longer interactions, spending more and becoming genuine advocates for a product or brand. For better or worse, the moments when a brand makes a shopper feel something will last in the memory much longer than the specifics of a product or service itself.

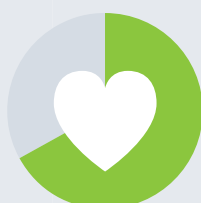
The sweet spot for a brand is when it can place consumers at the intersection of brand love and great customer

experience. To be well known, desired and available is not enough – brands then need to go on and deliver a great experience at the moment of purchase, consumption or both.

Working across a variety of sectors we know that customer experience has multiple dimensions. Operational excellence goes without saying. Living up to brand purpose is integral. However, it is understanding how customers interact with a brand and when to surprise and delight them that will help make these fleeting moments really matter. The brands that get this right will outperform the competition.

67%

FEEL GOOD WHEN
 COMPANIES GIVE BACK
 TO THE COMMUNITY



WORLD PANEL PLUS

FINDING THE NEXT BIG WINNER

Retailers, brands and manufacturers are poised in anticipation waiting to see what the next eureka moment will be in new product development. Experiential plays a major role here. Looking outwards at sectors that are inherently experiential is a good place to start – out of home dining, entertainment and culture such as trips to the cinema or the theatre and non-traditional retail like street markets are often the birthing ground for the most successful ideas.

Above and beyond this, successful products are those that can provide a solution to a consumer's problem – a positive experience at its most simple. That is why the gold standard for product development is to simultaneously highlight a problem and present a solution in one fell swoop. This is often visible in household and health and beauty, where, for example, many gels, conditioners, moisturisers and fabric softeners now answer challenges which 30 years ago consumers didn't

even know they had – the need for seasonally scented toilet paper being one prime example. Similarly, nobody considered shaving products, beer or sanitary towels as anything but standard supermarket trolley items a generation ago. Yet now all have been very successfully adapted into subscription services such as Harry's, Honest Brew Honesty Box and Flux, each of them giving consumers an experience that once upon a time they never knew they wanted.

As with anything, sometimes success is down to serendipity. It isn't always possible to predict what the next must-have item or viral sensation will be, and when it does happen it will almost certainly be something most consumers could never have foreseen.

In these instances, it's about brands and manufacturers keeping their finger on the pulse and being fleet of foot. It might not be easy to spot the next

experiential trend and it's the lucky few that are the first to hit the mark, but it's certainly a good idea to have a responsive and flexible supply chain which can adapt as quickly as possible.

However, retailers and manufacturers need to be careful when developing new products and initiatives based around an experiential marketing model. An easy mistake to make when products are developed with an experiential aspect in mind is to heavily promote them. The effect of this approach is the opposite of what is desired – it lowers the perceived value in the eye of the consumer. While this can be true of anything with a heavy promotional campaign behind it, for those using an experiential model, it carries the double burden of lowering the perceived value of the product and the expectations around the experience. Having the confidence in your product is vital – turning what consumers want into what they need is the blueprint for making new ideas succeed.





“In these instances, it’s about brands and manufacturers keeping their finger on the pulse and being fleet of foot.”

HOOKED ON A FEELING

In every sector, the potential for using experiential to drive growth is enormous, and as competition intensifies it stands tall as something which can separate one product or retailer from the rest. That said, the common thread which ties each theme together is that creating an experience for experience's sake does not work. Experiential succeeds when innovative ideas are used to showcase the potential of products which already fulfil their basic purpose effectively. Other, less considered campaigns which are more concerned with gimmick than growth could turn out to be expensive roads to nowhere.



Methodology

The primary data used in this report is from our panels tracking purchasing across the grocery, health and beauty, alcohol, out of home food and drink, fashion, telecoms, entertainment sectors and beyond. We also track usage behaviour in both food and drink and health and beauty.

On a continuous basis we monitor up to 30,000 demographically representative households in Great Britain (England, Scotland and Wales) about what they are buying

and how they use it, to develop a detailed picture of the British shopper and consumer.

Attitudes have been gathered through our mobile phone-based 75,000-strong and growing Worldpanel Plus service, which enables rapid questioning based on specific purchases.

The potential level of detail on our panels goes far beyond that used in this report to help manufacturers and retailers really understand their performance at a granular level.

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