Consumer Engagement Principles

Ensuring Trust in Engaging with Consumers in the Digital World
84% of retailers plan to integrate mobile data into their analytics initiatives by 2015, up from 25% currently.*

* "The Rising Importance of Customer Data Privacy in a SoLoMo Retailing Environment," EKN, 2014
Amsterdam Schiphol Airport, June 20, 2017, 4:30 p.m. John leaves the plane, takes out his phone, switches the airplane mode off and the shop mode on.

What a great idea, he thinks, this shop mode on smart mobile devices. Just a few years ago retailers would bombard his phone with promotional messages. Now John controls when and how he interacts with retailers and brands.

But the journey to get here took some time. The 2014 “trust crisis” made the consumer products and retail industry realize that collective action was required. Consumers around the world became increasingly concerned about digital data breaches (so-called “digital landmines”). Although this concern was often magnified by emotions and perceptions, consumers worried that they were not in control.

This drove governments to step in and develop legislation. But this was not the right way forward either. Consumers didn’t get the value they could, and brands and retailers were not able to serve their consumers in the most effective and relevant way.

To protect the ability to create mutual value via digital channels, the industry (together with consumers and critics, relevant bodies and platforms, and technology and service providers) took the responsibility to establish and drive a set of commonly agreed “consumer engagement principles.” These guidelines – by the industry, for the industry – were designed to raise and maintain the level of trust with consumers. And one of the results was the standardized shop-mode switch on mobile devices.
Growing Digital Footprints Raise Data Privacy Concerns

Let’s get back to 2014. It’s no secret that shopping behavior has changed. The technology-enabled consumer’s shopping journey weaves in and out of many channels (web stores, mobile apps, social media, e-mail, kiosks, physical stores, contact centers and more).

During this journey consumers leave ever-larger digital footprints with a growing trail of personal data. This raises numerous questions and concerns, including:

- Who owns the data?
- What is the value of the data?
- How is the data being collected?
- How is the data being used?
- How is the data being protected against misuse?

In this environment, consumers are becoming more aware of the value of their personal data and of issues related to data privacy and security. These concerns are exacerbated by a variety of factors. For example, the growing number of “digital landmine accidents” involving data breaches and privacy risks negatively influence consumer trust, not only regarding the individual companies involved but also the consumer goods and retail industry at large.

An additional factor is the increasing pace of technology developments related to data usage and digitally enabled engagement, including wearable devices, observation tracking and big data insights. And then there’s the “Snowden effect,” which has made people more aware of data tracking and data mining in general.

Emerging consumer privacy concerns will force 50% of early adopters to revisit hyper-personalized promotions by 2015.*

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60% of retailers will provide free Wi-Fi to customers in stores by 2015, compared with 22% currently, enabling retailers to track in-store customer location.

*“The Rising Importance of Customer Data Privacy in a SoLoMo Retailing Environment,” EKN, 2014
The Numbers Tell the Trust Story

The result: Consumer trust in businesses and institutions is declining. According to the 2014 TRUSTe Privacy Index, 55% of US Internet users trust businesses with their personal information online, down from 57% in January 2013 and 59% in January 2012. Similarly, 45% of UK consumers are more concerned about their online privacy than they used to be, and 50% express unease about the visibility of their social networking activity.

And while the majority of consumers in developing markets are willing to share personal data with retailers, that’s not the case in Europe and North America. In Capgemini’s “Digital Shopper Relevancy” study, 70% of Chinese respondents and 74% of those in India said they were happy to provide their personal data to a retailer, but only 28% of respondents in Finland, 34% in Germany, 33% in Canada and 40% in the US were willing to do so.

These concerns are causing governments to take notice. In the US, for example, the Federal Trade Commission is becoming more active in the privacy space. FTC Chairwoman Edith Ramirez, during a session at the Global Privacy Summit, indicated that the agency will focus on issues such as data security, mobile location tracking and data sharing across borders.

Business Feels the Pressure

The business impact of consumer privacy concerns is considerable. The 2014 TRUSTe Privacy Index found that 89% of US Internet users say they avoid companies that do not protect their privacy. This trust gap has particular implications in today’s digital world, as companies look to use technology-driven opportunities to better understand consumers and connect with them more effectively and more often. But this raises key issues for the industry, including how to build trust with consumers via standardization of information relating to product descriptions and ingredients; how to address increasing consumer expectations; how to work with consumer forums to solve issues via open platforms; how to ensure that accurate data is being delivered by new intermediaries like app providers; and how to address the “consumer insights vs. privacy” trade-off.

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2 “Evidon: Consumer Attitudes Toward Transparency in Data Collection,” Evidon, 2012
3 “Digital Shopper Relevancy,” Capgemini, 2012
4 “Five Things the FTC Will Get Tough on in 2014,” Kate Kaye, Ad Age, March 7, 2014
Mutual Value is Key to Improved Digital Engagement

This growing complexity points to the importance of addressing digital engagement as a strategic business issue. There is a common industry need to protect the ability to create mutual value in order to meet consumer demands and prevent unnecessary government intervention by focusing on self-regulation. As noted by the World Economic Forum: “Government legislation and regulation have a crucial role to play in establishing trusted flow of data, but given the speed of change and complexity, it can never be relied upon to cover everything. Common principles at industry-level can serve as a global foundation for creating an interoperable, flexible and accountable framework for coordinated multistakeholder action.”

To develop trust and level the digital playing field requires balancing different stakeholder needs, with a goal of ensuring mutual value. Think of it as a “value triangle”: value to the consumer (in the form of rewards, better deals, more relevant offers, etc.), value to the business (improved insights, greater efficiency, more profitable growth), value to the society (improved efficiency, greater corporate social responsibility).

The idea of value exchange is echoed by Forrester Research Inc., which refers to “contextual privacy,” described as a framework for negotiating the collection and use of personal data that ensures a fair value exchange for both the customer and the business.

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**THE VALUE TRIANGLE: BALANCING DIFFERENT STAKEHOLDER VALUES**

![Value Triangle Diagram](image)

Value to the Consumer

Value to the Society

Value to the Business

How to guide and manage interaction with or among stakeholders across all digital channels in order to build trust and ensure the industry’s reputation, now and in the future?

Source: Capgemini and The Consumer Goods Forum

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6 “Unlocking the Value of Personal Data: From Collection to Usage,” World Economic Forum, February 2013

To this end, The Consumer Goods Forum (CGF) with Capgemini are working with the industry on an initiative focused on developing a set of “Consumer Engagement Principles” – or guidelines – for such a value exchange. The initiative was an outcome of CGF’s Future Value Chain 2022 program.

The rationale for the Consumer Engagement Principles (CEP) has been clearly articulated: In the context of consumer trust and legislation with regards to the use of digital technologies, the industry needs to protect its ability to create mutual value in digital consumer engagement.

The primary objective of the CEP is also clear: To establish and drive a set of commonly agreed principles to raise and maintain the level of trust with consumers. The goal is to have consumers view the industry as a responsible user and steward of consumer data and insights – thus forming the common foundation from which the digitally enabled value exchange can be optimized by individual companies.

The creation of the CEP is influenced by an ecosystem consisting of four broad entities: governmental bodies, industry bodies, companies, consumers. The CEP will bring together and build on existing initiatives, platforms and policies from these entities (see sidebar for examples).

• Governmental bodies: Privacy is a global topic. Governments are amending or developing privacy laws to protect individuals, clarify rules for businesses and keep up with developments in society and technology.

• Industry bodies: A number of marketing organizations have created codes of conduct to provide recommendations for collecting consumer data and direct marketing activities.

• Companies: Most companies have an established code of ethics or business conduct; many address the issue of data usage and privacy either in a general or specific way. However, there is little consistency among the policies.

• Consumers: There is a lack of established global principles in the digital medium focused on consumers.

While the CEP builds on existing initiatives it is being created and driven by the consumer goods and retail industry, for the industry, with ownership by The Consumer Goods Forum and endorsement by the CGF board (made up of CEOs of leading consumer goods and retail companies).

50% of UK consumers express unease about the visibility of their social networking activity.*

*Evidon: Consumer Attitudes toward Transparency in Data Collection,” Evidon, 2012
On the Books: A Sampling of Existing Privacy Initiatives

Numerous privacy initiatives, platforms and policies currently exist. Following are a few examples:

**World Economic Forum (WEF):** As part of the multi-year Rethinking Personal Data initiative, the WEF hosted an ongoing multi-stakeholder dialogue on personal data. This dialogue invited perspectives from the US, Europe, Asia and the Middle East. It involved representatives of various social, commercial, governmental and technical sectors, who shared their views on the changes occurring within the personal data ecosystem and how these changes affect the collective ability to uphold core principles.

**US Consumer Privacy Bill of Rights:** This initiative provides a baseline of clear protections for consumers and greater certainty for companies. It consists of general principles that afford companies discretion in how they implement them. It is designed to serve as a template for privacy protections that increase consumer trust on the Internet and promote innovation.

**US Department of Commerce’s National Telecommunications and Information Administration (NTIA):** This government body has the authority and expertise, developed through its role in other areas of Internet policy, to convene multi-stakeholder processes that address consumer data privacy issues.

**EU Data Protection Regulation:** The European Parliament recently gave its strong backing to the architecture and the fundamental principles of the European Commission’s data protection reform proposals, on both the General Data Protection Regulation and on the Data Protection Directive in the law enforcement context. This (ongoing) EU data protection reform will ensure more effective control of people over their personal data, and make it easier for businesses to operate and innovate in the EU’s Single Market.

**Future of Privacy Forum (FPF):** This Washington, D.C.-based think tank seeks to advance responsible data use and consumer privacy. FPF and The Wireless Registry Inc. recently announced the launch of a new platform that will allow consumers to easily and quickly opt-out of mobile location analytics at thousands of locations in the US.

**Word of Mouth Marketing Association:** WOMMA is the official trade association that represents the interests of the word-of-mouth and social media industry. A central mission of WOMMA is to create an environment of trust between consumers and marketers.

**Mobile Marketing Association (MMA):** MMA’s global code of conduct is intended to guide companies within the mobile ecosystem so they can effectively and responsibly leverage the mobile channel for marketing purposes.

**Digital Signage Federation (DSF):** DSF has created voluntary privacy guidelines for digital signage companies, their partners and the venues that host these systems.

**Digital Advertising Alliance (DAA):** DAA is a consortium of leading national advertising and marketing trade groups that together deliver self-regulatory solutions to online consumer issues. DAA allows consumers to identify when data is being collected from an advertisement via an “AdChoices” icon. The icon is clickable and enables consumers to opt out of data collection if they wish.
The CEP is designed to be forward looking, a “living” set of principles that will evolve over time. The CEP aims to provide positive and pragmatic guidelines to build and maintain consumer trust and to offer practical solutions for industry players. Most importantly, it is designed to provide the necessary balance between value for businesses, consumers and society.

The development of the CEP is now in process, and the principles are expected to fall into several categories such as data, risk mitigation, technology and value creation. Guiding the development are factors like simplicity, consumer centricity, relevancy, consistency, value, and data protection and disposition (see accompanying graphic).

45% of online US adults do not trust companies with their personal information, up from 43% in 2013.*

The potential positive impact of the Consumer Engagement Principles is clear: The CEP can help the industry make strides in building trust with consumers via digital channels by taking action to address the growing concerns about data usage and privacy.

At the same time, there are potential challenges that must be addressed during the creation of the final principles. These fall into several categories:

- **Administrative**: How to avoid a complex, protracted administrative effort like that associated with Sarbanes-Oxley.
- **Competitive**: How to ensure that the CEP is not seen by dominant market leaders as a threat. Why should I help my competitors? And how best to ensure that the CEP complies with the CGF Antitrust Guideline.
- **Consumers**: How to avoid consumer confusion. Will consumers trust one consolidated message from the industry? Will there be protections for non-tech-savvy consumers? And can a balanced value exchange be ensured?
- **Technology**: How to address potential IT issues. Will the CEP require new systems, skills and costs?
- **Communication**: How to ensure consistent communication across cultures and geographies. What form of communication? Where do we get the resources?

### Rules of the Road: Co-Creating the CEP

A number of “rules of the road” will govern the development of the Consumer Engagement Principles, including:

- **Co-creation** – proof that the consumer is at the center
- **Plain language, simple messaging**
- **Guidelines, not rules or regulations**
- **Commitment to transparent value exchange**
- **One set of principles, not many**
- **Inclusion of multiple stakeholders from the start**
- **Ongoing maintenance group**
- **Technology agnostic**
How You Can Help Make the CEP Real

A number of activities have already taken place to move the Consumer Engagement Principles initiative forward, including the establishment of a core working group, with regular checkpoints. Additional activities include: global research on existing guidelines, protocols principles from different vantage points (consumer, government, industry, company); a survey of industry executives on the topic of digital consumer engagement; a two-day workshop with participation from 25 industry representatives; and collaboration and alignment with CGF’s End-To-End Value Chain Steering Committee.

90% of retailers plan to integrate social media data into their analytics initiatives by 2015, up from 30% currently.*

Several next steps have been identified:

• Build on the industry workshop to further develop “the case for change”

• Further mobilize relevant stakeholders (including CGF members, the industry at large, consumers, critics, relevant bodies and platforms, and technology and service providers)

• Agree on CEP governance (including roles and responsibilities, support and facilitation, timeline planning)

• Define the outline for the Consumer Engagement Principles (including impact and imperative)

The time to act is now. “Feelings on the trade-off of privacy for relevancy are starting to shift,” notes Paula Rosenbaum of Retail Systems Research (RSR). “A lot more people seem to be opting for privacy.”

Widespread participation from consumer goods and retail companies will be the key to success. We encourage you to join the Consumer Engagement Principles initiative.

45% of UK consumers are more concerned about their online privacy than they used to be.*

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* “The Rising Importance of Customer Data Privacy in a SoLoMo Retailing Environment,” EKN, 2014

* “In-store Tracking and Data Security: The FTC Is Getting Involved,” Paula Rosenblum, Retail Systems Research, March 11, 2014

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About The Consumer Goods Forum

The Consumer Goods Forum (“The Forum”) is a global, parity-based industry network that is driven by its members. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. The Forum member companies have combined sales of EUR 2.5 trillion. Their retailer and manufacturer members directly employ nearly 10 million people with a further 90 million related jobs estimated along the value chain.

The Forum is governed by its Board of Directors, which includes 50 manufacturer and retailer CEOs and Chairpersons.

The Forum provides a unique global platform for knowledge and best practice sharing around the following strategic priorities: Sustainability, Product Safety, Health & Wellness, End-to-End Value Chain & Standards, which are central to the advancement of today’s consumer goods industry.

The Forum’s mission is, “Bringing together consumer goods manufacturers and retailers in pursuit of business practices for efficiency and positive change across our industry benefiting shoppers, consumers and the world without impeding competition”. To fulfil this, its members have given The Forum a mandate to develop common positions on key strategic and operational issues affecting the consumer goods business, with a strong focus on non-competitively sensitive process improvement. The Forum’s success is driven by the active participation of the key players in the sector who together develop and lead the implementation of best practices along the value chain.

With its headquarters in Paris and its regional offices in Washington, DC and Tokyo, The Forum serves its members throughout the world.

For more information, please visit: www.theconsumergoodsforum.com.
About Capgemini

With more than 130,000 people in over 40 countries, Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Capgemini’s global Consumer Products and Retail practice works with a majority of the world’s largest retail and consumer products companies plus hundreds more. A team of more than 12,500 consultants and technologists throughout the world helps these clients reap the benefits of industry-specific solutions.

The Capgemini Global Service Line entitled Digital Customer Experience (DCX), helps organizations understand and implement the right mix of business focused digital capabilities, deployed within the right framework for transformation – to fundamentally change how they do business and serve their customers. Digitally mature organizations deliver on improving customer advocacy and driving growth.

Available worldwide and across all industry sectors, the consolidated offer from Capgemini helps enterprises to embed digital customer experiences into the heart of their organizations, while transforming their future business models and processes. DCX addresses the need to achieve and sustain business value via digital initiatives, from the back-end right through to the front line.

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