



# VALUE CREATION AS STARTING POINT

MARKETING EXCHANGE LIVE!

## De Heus Marketing Framework: the foundation of our value creation

Hello Marketers! Only a few more weeks before I will meet you in our live event: **Marketing Exchange Live!** Our own Marketing Event in which we will get inspired, gain new insights, learn from each other and so much more. The goal of the event is to improve the effectiveness and efficiency of our marketing performance. The program of the event is aligned with our daily marketing goals and challenges. Goals that aim to achieve **added value** for our customers and De Heus. During Marketing Exchange Live! we will discuss and present scalable and repeatable solutions as an answer to our challenges. Solutions and services that are ready-to-use and result oriented.

In anticipation of our Marketing Event, I will introduce the **De Heus Marketing Framework: a guiding tool for our value creation process** in which all challenges, solutions and services come together. A tool that will help and guide us in the upcoming weeks and serve as a foundation to support the development of your team and its capabilities going forward.

### Marketing is about value creation

Value creation should be the base for every company. I will explain what value creation is by quoting one of the founders of marketing, Philip Kotler:

“**Marketing** is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires.”

He continues:

“**Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”

Central aspects of this definition of marketing are:

- **Target market** as a group of customers for whom we choose to create value;
- **Unfulfilled Needs** and desires of these (potential) customers as base for value creation;
- **Creating and delivering value** by products or services in alignment with unmet or partially met needs.

- **Competitive advantage** by making the value offering unique and attractive.
- **Communicating** the value with our customers to make them aware of our value offering and convincing them to buy it, use it and promote it to others.
- **Value for the society** as a result of our sustainable approach.

The challenge is to define **value propositions** that set us apart from our competitors. By building unique value propositions that align better with the unmet needs of our customers, and solve problems in a better and quicker ways than our competitors do. It is crucial to be consistent in our value creation process. **Consistency** influences how customers perceive our **value proposition**. The more consistent we are in our messaging the better customers will understand our value offering, positioning and key benefits.

**Many different activities are in place; solutions which were good enough 5 years ago are not enough today anymore.**

Creating added value is the cornerstone of every company. Business which **adds** more **value** to their products and services can charge more to their customers and eventually lead to higher revenue.

In this value creation process we deal with many different activities. Every day we face many challenges in our pursuit of creating value for our customers. Our markets are changing rapidly and as a result we have to cope with our daily challenges, such as:

- Customers are more demanding than ever. This puts extra focus on the necessity of product- and service improvements.
- Competition between feed companies is becoming tougher.
- Digital and mobile communication is growing exponentially with endless possibilities of focused communication to different target groups.

So how do we reach and encourage our target farmers, integrators and in some markets local feed millers to choose our feed solutions? We need to prepare ourselves to adapt successfully to this rapidly changing marketing environment. To be prepared to deal with change successfully and to stay on top of the game for the next 5 years, it is important we learn **new** skills and **improve** our current **skills**.

**Coherence between marketing activities is essential in the value creation process**

With so many things going on at the same time, it becomes very challenging to see the coherence between our daily activities in our value creation process.

For example, if we create a marketing campaign we can select the best Marketing technology tools for developing and deploying a good digital communication campaign, but the technology would stand on its own if we don't create appealing content (is the content to the point, does it match with the needs of our customers, can sales follow up questions from customers, can we track the campaign, etc. Every element should be considered to create value.

To improve the coherence between marketing activities we have to align all the critical marketing activities which each other. More coherence will strengthen the effectiveness of our value creation process.

## Collaboration between colleagues is key to be successful in value creation

We can only create value if we work together. Sometimes it might be challenging to collaborate with so many colleagues in the value creation process. Everyone interprets matters from his or her own perspective and point of view. We don't always speak the same 'language'. If we want to move forward we have to bridge these differences between colleagues.

## De Heus Marketing Framework; a guiding tool for your value creation process

All individual marketing activities and capabilities should be integrated in order to let our ideas flourish. Moreover we need the commitment of every colleague in the process. To help you with this the De Heus Marketing Framework was created

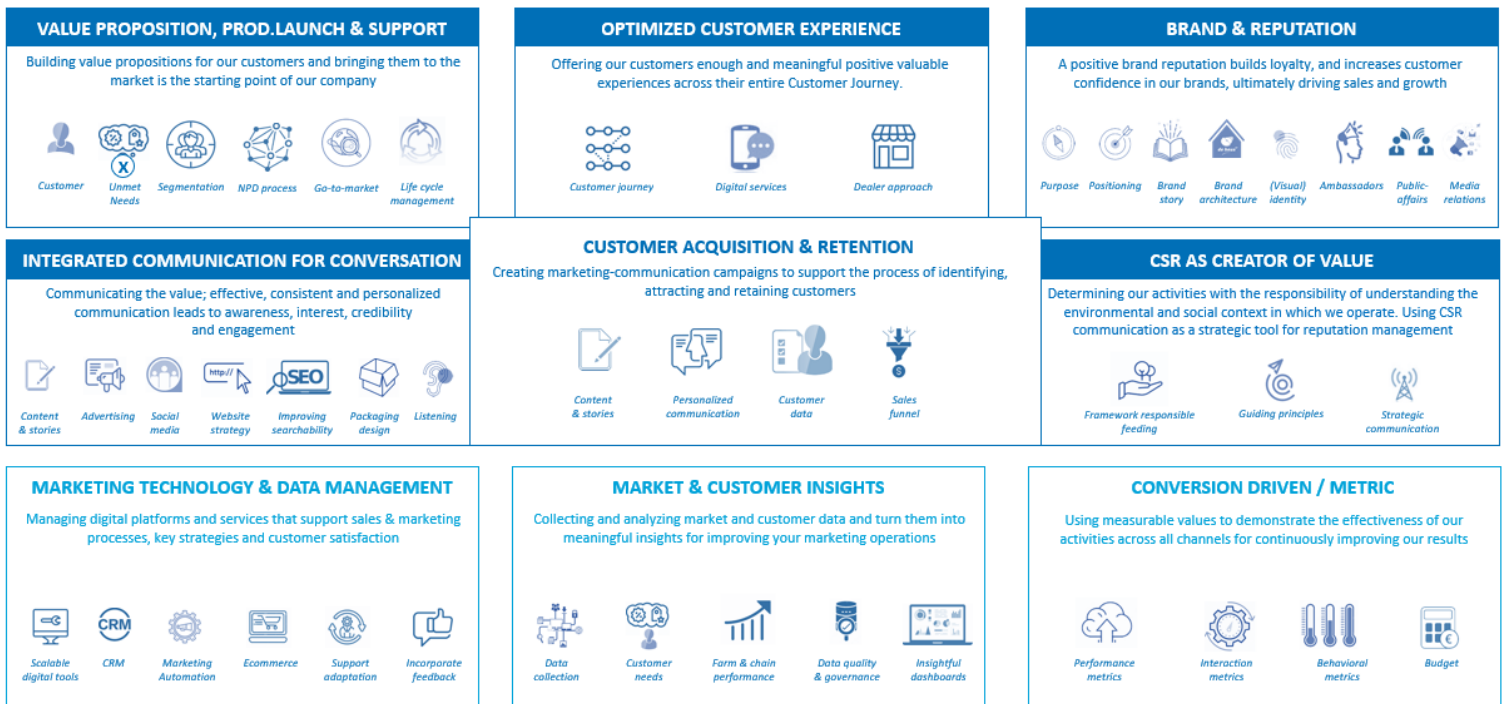
**This Marketing Framework supports you in creating a holistic approach in your value creation process by aligning all tactical and operational activities.** It also helps to build consistency concerning your message in the same tone of voice across all the steps we have to take during this process. Consistency in our marketing actions and communication impacts how customers perceive our value proposition and its promise, positioning and benefits.

The Marketing Framework divides all different activities into **8 marketing categories** or **value stages**. Each category has its own theme and contributes in a different way to our value creation process for our customers, company and society.

The Framework gives you a step-by-step guidance to your marketing value creation process and your market-, product-, communication- or brand strategy. Followed by practical tools to identify the best methods in moving forward with your marketing strategy and tactics.

# De Heus Marketing Framework

Ready-to-use and result-oriented marketing & communication programs and services in 8 categories



## DE HEUS MARKETING FRAMEWORK

Let me explain you the 8 categories or with other words 'stages' of our Marketing Framework in more detail.

### Category 1: Value proposition, product launch & support

The first category 'value proposition, product launch & support' is about building value propositions and how to bring these propositions to the market. Relevant topics during this stage are:

- **Customers**
  - For whom do we want to create value?
  - Desires and needs: try to identify the customer's main problem (what kind of problems or tasks do our customers want to solve?)
  - Customer personas; what is the representation of your ideal farming customer? Customer personas enable you to sharpen the creation of prospect-orientated solutions as well as campaigns and content; they show target customers that you understand their business pains and problems
- **Target market**
  - How does our market look like, can we divide the market in several attractive segments? And what is its size and value?
- **New product development process**
  - What kind of ideas might solve the main challenges of our customers?
  - What are the potential benefits of these ideas and what makes these benefits valuable for our customers?
  - Select the most potential and discriminating idea and makes this product or service tangible and concrete;
- **Go-to-market strategy**
  - The go-to-market plan is a tactical action plan that outlines the way we bring our new feed product or service to the market and helps the introduction succeed. This strategy can be also be applied for re-launches of current products or services;
- **Life cycle management**
  - Actions to maintain (or extend) the market position of the specific product

### Category 2: Integrated communication for conversation

The second category of the De Heus Marketing framework is 'Integrated communication for conversation'. In this category the main focus is building a relationship with our target audience by effective communication about the value proposition. To make potential farmers aware of our proposition and give them reasons to buy.

Nowadays, we can choose many different – digital or more traditional – communication channels and types to connect with our target audience. All these channels and types should be aligned and integrated with each other. Because an integrated communication strategy is essential to deliver a cohesive and consistent message across all channels. It is the best way to engage with our target audience, build and sustain trust and provide a positive image of the value proposition.

For such an integrated communication plan several subjects should be taken into consideration:

- **Communication concept:** All our communications will be based on the principles of the De Heus communication concept. It safeguards the look-and-feel and style in terms of communication of the De Heus brand and enables the target audience to recognize us and differentiate us from the competition.
- **Message:** The first step is crafting effective messages that are compelling and concise.
- **Content & stories:** The right content is extremely important and helps our potential customers to learn more about the value proposition. A very powerful way to engage with your target group is by showing them how other De Heus customers solved similar challenges or achieved similar opportunities. Connect your message with the challenges or moments that matter.
- **Communication channels:** Make a selection of different kinds of digital or more traditional media for reaching your target group with your content and stories. A distinction can be made between paid, owned and earned media.
- **Website and social media:** The heart of the communication mix is often your website, one of the most relevant 'owned media'. All traditional and digital media can be connected to this website by a call-to-action.
- **And more other** topics are relevant, such as improving your online searchability, the right packaging design for your bags and much more.

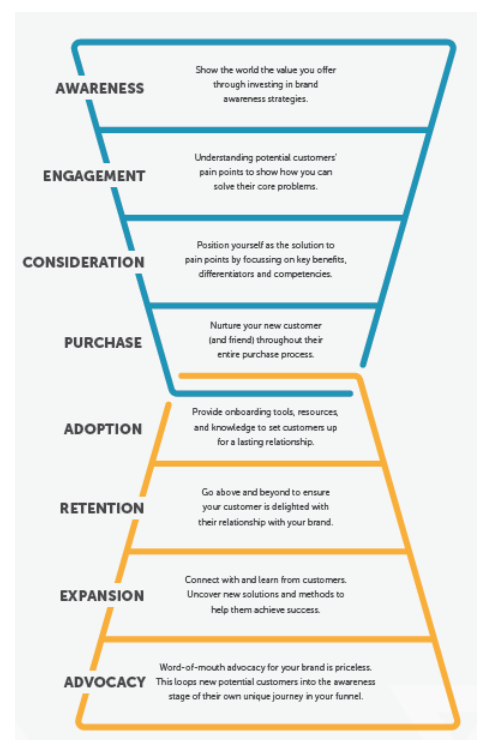
### Category 3: Customer acquisition & retention

The first category of the De Heus Marketing Framework focused on building value propositions. The second on developing an integrated communication approach to engage with our customers. Both leading to the third category – and main goal of course – that we turn prospects into paying customers. We call that category 'Customer acquisition and retention'.

Marketing has always been about driving growth. To contribute in getting paying customers, the integrated communication mix should be aligned with the sales funnel.

It is important to understand the different stages of today's sales funnel. Because farmers are making decisions at every stage of this journey. Moreover, digital technology and mobile devices have put farmers in control. Every farmer enters the marketing funnel at different times and via different channels. Therefore, knowing which channels and content are best to use at each stage, will enable us to create best in class campaigns to attract new customers.

We as marketers can contribute to attracting and acquiring new customers, more than ever. Digitalization helps us to collect valuable data about (digital) behaviour, interests and personal challenges and concerns. These data and all available communication tools help us tailoring our message and content. And enable us to interact with our potential customers at each point in the sales funnel even to the level of the individual farmer.



Of course, at this third category there are also several questions to consider, such as:

- **Communication-/campaign flow**  
It is necessary to create and develop a communication flow that covers the different interactions between farmers and De Heus.
- **Integrated mix of all communication channels and types**  
Involve all different communication channels and types that belong to your marketing-communication toolkit. Be aware that you stimulate your farmers continuously to a call-to-action during the sales funnel;
- **Inbound in combination with outbound communication**  
Take care to connect your inbound communication with your outbound communication, leading to a consistent approach
- **Personalized content**  
Create inspiring stories showing how De Heus meets their farmers' challenges. Tailor all content to the different stages of the sales funnel and the interests and challenges of the individual farmer.

#### **Category 4: Optimized customer experiences**

In the third category we showed how to turn potential customers into buying customers. Once we attracted new customers, we try to make them loyal to De Heus. Loyal customers result in a higher Customer Lifetime Value (CLV) than customers who switch easily between feed companies. The more loyal customers we have, the less we need to spend on marketing and communication to win new customers.

In this fourth category 'Optimized Customer Experience' we discuss how we can contribute to grow loyalty of our customers to De Heus. Therefore, it is important to offer them enough and meaningful positive valuable experiences across their entire Customer Journey.

There are many different interactions or touchpoints between our customers and company during this journey, from first contact to becoming a loyal customer. It is necessary to offer our customers valuable experiences at every of those points. Questions we have to ask ourselves are:

- **Touchpoints:**  
What are the relevant interactions across the complete customer journey?
- **Experience:**  
How do our customers experience all these interactions; positive, neutral or negative?
- **Impact:**  
How do these interactions impact the relationship we have with our customers?
- **Improvement:**  
By what kind of improvements (value) could we turn less positive experiences into more positive ones? And can we strengthen our positive experiences even more to try to outperform the competition?

Optimizing customer experiences relates to all type of customers. In many countries, the dealer network is a very important sales channel. For this type of customers we can also offer special services, such as specific promotions, supporting them in managing their digital communication channels, a powerful instore communication program, an ecommerce platform that enable them to improve their sales and much more.

### **Category 5: Corporate social responsibility as value creator**

Value creation is one of the main objectives of marketing. The previous categories focus on creating value on product or service level. Now we are going to address how we can create value for the complete environment and society by our social responsibility activities. The fifth category of our framework is called 'Corporate Social Responsibility as Value Creator'. We endeavor our environmental impact to become as low as possible and our societal impact to be positive and impactful in the markets we operate in

We feel responsible for our role in the food supply chains we operate in. So, when we developed our sustainability programme, we looked at what we do best to see where we can have the most impact. We built the programme around our core activities. Effectively converting raw materials into high quality animal feed, increasing animal health and welfare, helping farmers grow their businesses and work together to solve the problems they face every day. We call it Responsible Feeding because for us it connects the availability of safe, healthy and affordable food for a growing population with our core activity, which is effectively converting raw materials into high quality animal proteins.

Communicating about the progress we achieved with our Responsible Feeding is important and the impact we make with our sustainability initiatives will help us to further engage with our customers, (potential) employees, NGO's and other stakeholders.

In our sustainable communication;

- We emphasize why we are dedicated to limiting our environmental impact and how we contribute to progress;
- We are honest and transparent;
- We show by examples how we contribute

### **Category 6: Brand and reputation**

Everything we do adds value to our company brand De Heus, our company is globally recognized by our company brand De Heus. De Heus represents trust and reputation.

Creating customer loyalty by influencing our brand reputation positively, is what we address in the sixth category 'Brand and reputation'.

Brand reputation is how others see us. It is a result of our words, our communication, our behavior and actions and our history. It is important we streamline all our activities and communication to create consistency in everything we do. This way we build and grow a strong, consistent brand. Our global reputation is crossing borders, but will also be influenced by our local reputation in each individual 'De Heus country'. In combination with the previous 5 categories a good brand reputation keeps our customers close to our De Heus brand. It makes them loyal customers for the long term.

So developing a brand strategy is important. Subjects that are part of such a brand strategy are:

- **Brand purpose**  
What is our brand reason for being and contribution to the world. It goes beyond profit (because that is a result)
- **Brand positioning**  
What is our unique value and how can we set us apart from our competitors.
- **Brand story**  
Our De Heus brand is a collection of many stories. What are the stories we want to tell and how contributes each one to the overarching story that defines our brand.
- **Brand architecture**  
With which brand(s) do we approach the different market segments and how do we connect these brands with each other. All with one goal: to strengthen the reputation of the corporate brand 'De Heus Animal Nutrition'
- **Visual brand identity**  
What are the characteristics and design elements we use to ensure a consistent look-and-feel of our De Heus brand(s) across all countries and channels.
- **And much more**

## SUPPORTING CATEGORIES

As earlier mentioned, the Marketing Framework consists of eight different categories. These categories can be divided into two clusters:

- **Main categories:**  
The first six categories that drive value and our business.
- **Supporting categories:**  
Two categories of subjects and themes that are supportive in achieving the goals as determined with one of the main categories.

### Category 7: Marketing technology and data management

'Marketing technology and data management' is the 7<sup>th</sup> category in our framework and the first supporting category.

Digital marketing technology facilitates the main categories of value creation by supporting sales and marketing processes, key strategies and customer satisfaction. These tools, platforms and services allow us to market smarter and enable us to improve personalized experiences across the complete customer journey, send e-mails automatically to relevant customer groups, store customer data, track customer behavior, sell products by E-commerce and much more. The collection of the various marketing software tools is often called a Marketing Technology stack, abbreviated as Martech stack.

Currently, De Heus has already several digital marketing platforms in place, such as:

- CRM platform
- Marketing automation platform
- E-commerce platform
- Website platform
- Digital asset platform
- Software analytic tools



## Using the same software has many advantages

These global A-branded tools enable us to copy scalable configurations fast to your local market. This saves cost and time. More and more, our business units adopt these tools and experience the advantages of them in their customer acquisition and other commercial processes.

Marketing technology helps to design, execute and automate marketing flows and processes. However, this does not work when the individual platforms cannot communicate to one another. Integrated with each other these tools are the best enabler for a personalized approach, an enhanced customer experience and improvement of the effectiveness and efficiency of our commercial processes.

## Category 8: Market and customer insights

We just discussed the essence of 'Marketing technology and data management'. The use of the right tools provides us with many data. How to analyze and put this data to use, is our main challenge for this category. Data helps us to make better decisions. And that is what makes 'Turning Data into actionable insights' - the 8<sup>th</sup> category of the marketing framework – relevant.

Data will only be valuable if you can translate it into actionable insights. So gaining the most relevant insights starts with figuring out what you want to learn from your data. Therefore you should ask yourself the right questions regarding the context, need, vision and outcome of your data. Such as:

- **Integrate data sources** (such as social media, customer database, website visitors, sales, etc.). The integration of data sources leads to better and faster decisions.
- **Measure the right things.** We have to determine in advance what is important for our business. Because you cannot improve what you don't measure.
- **Ask the right questions to stakeholders.** What do they want to know? Formulate a clear business question before you start your data analysis. You can easily waste hours by getting lost in your data. Or come up with 'insights' that are already known or not deemed important.
- **Use segmentation to drive action.** By grouping customers that have some characteristics in common, you can start digging deeper.
- **Use clear visualizations.** The way you present your data will make a huge difference in the way you convey your message.
- **Discover the context of your data set.** Everyone has its own personal data-driven opinion. Therefore, we have to make sure to establish the correct context for the data we are seeing. How are the data collected? What do they mean? Are they important? Do they really affect the business? A superior understanding of context leads to the best decisions. Data without context may lead to wrong interpretations!

## **Goal of our De Heus Marketing Framework: Performance and conversion driven marketing.**

With our marketing value offerings we want to contribute to the success and well-being of our customers and the growth of our company. The De Heus Marketing Framework helps us to build, sharpen and improve our value offerings in all different commercial stages. Therefore, it is important to define ambitious measurable goals for our marketing activities and translate these ones into challenging metrics.

This brings us to the leading principle of the Marketing Framework: everything we do, must be performance or conversion driven. Without marketing goals our marketing program will lack clarity and follow-through. Our activities should be measurable, otherwise we will not be able to have the opportunity to improve them.

Nowadays, we operate in a world full of data. The success of our marketing activities is easier measurable than in the past. We can measure everything: From the width of the distribution of our products to the number of leads acquired by our campaigns, from website traffic to our sales per SKU.

To contribute to the growth of our customers and company - and make this contribution more tangible – we always have to measure the impact of all your efforts. Then we make this results transparent so we can use them as base for our continuous improvements.

## **THE DE HEUS MARKETING VALUE CHAIN**

In the Marketing Framework, all 8 categories are inseparably linked. The exact connection between these categories is illustrated within the De Heus Marketing Value Chain. Or:

### **Our Marketing Framework fuels our Marketing Value Chain.**

The Marketing Value Chain reflects the effectiveness of the sum of all marketing operations and activities delivered to our customers and society. It illustrates the process, from start to finish, of how we create value with all our marketing activities. Or with other words, it shows the value stages, we have to follow for creating, communicating, delivering, and exchanging offerings that have value for our customers, partners, and society at large. You can compare the 6 main categories as value stages that are linked to each other. In every stage, we create value. It is a more or less linear process, each stage influences the next.

And of course, when we aim to outperform the market, it is important to have all the links in the marketing value chain attaining top effectiveness. Just one broken link in this Marketing Value Chain can have a negative impact on the value we want to deliver.

Next table shows how the different value stages influence each other. It indicates what the impact will be if a marketing program belonging to a specific value stage, is executed in a poor way (broken link).

## Marketing Value Chain

How the broken links in the Marketing Value Chain impacts company performance

	Value Proposition	Integrated Communication	Customer Acquisition	Customer Experience	Responsible Feeding	Brand loyalty & reputation	Marketing Technology	Market & Customer Insight	Likely Results
Strong?	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Our value proposition is weak, it is better to stop with the other stages
Strong?	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Our value proposition is not properly communicated, there is a risk that nobody will have heard about it
Strong?	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	We are not able to attract new customers, or leads are not closed
Strong?	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	We deliver poor services during the customer journey and will lose customers
Strong?	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	A poor reputation will impact the brand loyalty
Strong?	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	A negative impact on environment and society will damage brand reputation
Strong?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	An inefficient and ineffective marketing tech stack will lead to less performance
Strong?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	If we don't base our marketing program on insights we will see less room for improvement and innovation
Strong	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Here some examples to illustrate:

- Check the first 2 categories (or value stages in the chain). If the 'value proposition' (first category/stage) is based on wrong customers insights and desires, our integrated communication plan (second category/stage) will be substantially less effective. Take for instance the Romelko number 1 proposition for piglets, if the formula is not sufficient to be used next to or as replacement for sow milk, our value proposition is not developed in the right way, will not match with an unmet need. In such case we can communicate what we want but it will difficult to turn prospects into paying customers. And if customers do a purchase as trial there is chance that they will be frustrated. Or the other way around, if Romelko is based on an outstanding product and service (a unique value proposition), and we bring this on the market by a bad communication campaign, most of the potential sow farmers will not get familiar with Romelko. Or check category/stage 2 and 3. For instance; we create many leads for Romelko by our marketing campaigns but consequently we are not able to close the necessary deals.
- And check category/stage 3 and 4. We acquired many new Romelko customers but the Romelko products deliver not on promise and we deliver poor experiences during the customer journey, we will lose these customers again

To summarize, the marketing framework shows the different categories that are relevant in the value creation process. The categories can be seen as value stages. These value stages are linked with each other. Together these stages form the marketing value chain. The better we perform in every stage, the better the links between the stages are, the better our market performance will be.

I hope that the illustrated step-by-step guidance to your marketing value creation process will be useful for you and our collaboration. Imagine what the impact will be if we are able to make small steps forward in every stage, then we create already much impact in the value creation process. **This will be our mutual challenge.**

### Marketing Value Chain

All process stages, from start to finish, of how we create value with all our marketing actions. It is the sum of all our marketing operations and actions delivered to our customers and society

