

192 UNIQUE COUNTRY STARS



Heineken
Future of Creative Partnerships
Workshop Pre-Read
March 9th, 2022

FORCE HEINEKEN AS THE WORLD'S MOST INTERNATIONAL BEER BRAND



www.rthree.com

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R3 Strategic Approach



- What's working and what are the opportunities for improvement?
- What are the right internal and external capabilities, structure, and tools to support your evolving needs?
- What are the most relevant insights from best-in-class brands for Heineken to consider?



1

The Case for Creative Excellence

Fueling Brand Power & Growth through Creativity



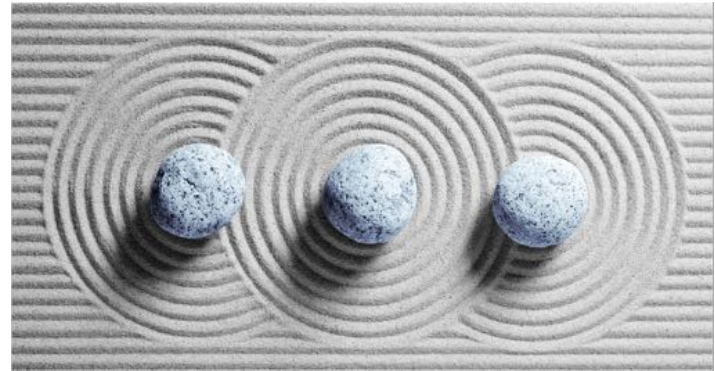
Creativity Drives Revenue Growth

- In the 2021 study on creativity, analytics and purpose, McKinsey found that only 7 percent of companies are delivering on the growth triple play by unifying creativity, analytics and purpose.
- They are driving average **revenue growth of 2.3 times** versus peers from 2018–19 (which increased to 2.7 times versus peers from 2019–20).

McKinsey
& Company

Marketing & Sales Practice

The growth triple play:
Creativity, analytics,
and purpose



Creativity Drives Stock Performance

- In his 2016 book, “The Case for Creativity” , James Hurman links Cannes Lions success to stock price vs S&P 500.
- “The companies who’ve been most tenacious in their pursuit of great advertising creativity have been among the ones outperforming the stock market and enjoying historic periods of financial prosperity.”

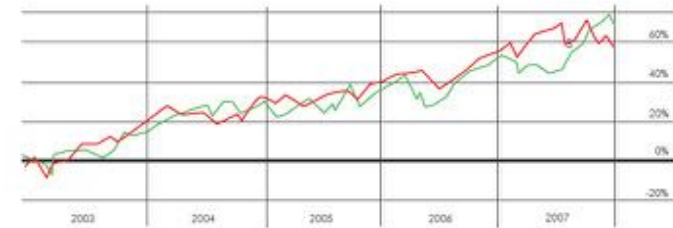


Creativity Drives Stock Performance

- Reflecting on the period in which he transformed Procter & Gamble's conservative FMCG marketing into globally lauded campaigns, former P&G CMO Jim Stengel concluded, "We doubled our size. We went from about \$43 billion to about \$83 billion in basically seven years. Our margins went up ten points. We went from nine billion dollar brands to 25. And our earning per share went up four-fold..."
- There was no question about the results." Matt Biespiel, McDonald's Senior Director of Global Brand Development has also said, "Creatively awarded work gives a significantly higher return-on-investment, in our case 54% higher – than non-awarded work. It doesn't take a genius to see that more creative awards is better for business."

Procter & Gamble

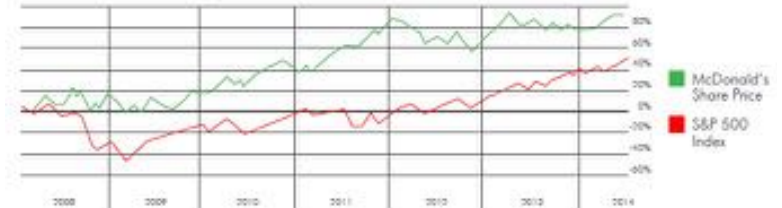
Creative Marketer of the year 2008



■ P&G SHARE PRICE ■ S&P 500 INDEX

McDonald's

Creative Marketer of the year 2014



■ McDonald's Share Price
■ S&P 500 Index

Creativity Drives Higher ROI

LIONS created a study – the Awards Creativity Score Index – which demonstrated a clear link between winning a Lion for best-in-class creative work and positive financial results.

67%

above-average organic revenue growth

70%

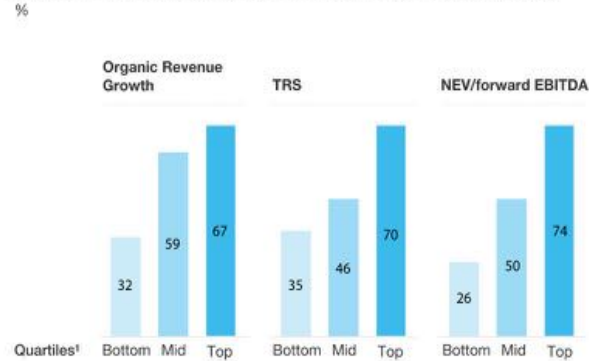
above-average total return to shareholders (TRS)

74%

above-average net enterprise value or NEV/forward EBITDA

Companies that perform well on the Award Creativity Score tend to outperform on financial metrics

Likelihood that creativity score quartile has above-average financial performance %



1 Using only companies with creativity score >0, combining the two middle quartiles

SOURCE: Team Analysis

McKinsey&Company

“We’ve seen that award-winning creative has a significantly higher ROI - in our case 54% higher ROI than non-winning work.”

Matt Biespiel

Formerly McDonald’s Senior Director of Global Brand Development



Ref: <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/creativitys-bottom-line-how-winning-companies-turn-creativity-into-business-value-and-growth>

Creativity Drives Incremental Value

BRANDS

AGENCIES

INCREMENTAL VALUE



Wieden
Kennedy⁺
Narrative

\$50MIL Incremental Revenue

- The Travis Scott Meal wins **Creativity Awards Best ROI**.
- **W+K and The Narrative Group** took a simple insight and turned it into a campaign.
- Quarter Pounder sales doubled in the first week, and **sales grew 10% in four weeks**, with \$50 million in incremental revenue. **Stock prices soared, adding \$10 billion** to McDonald's market cap.



"No matter who you are, everyone has a McDonald's order"



McCANN

350% sales spike in a month

MICROSOFT XBOX: THE FANCHISE model made consumers shareholders in the success of Xbox's design lab products; 350% sales spike in the month of the campaign.



OBSERVATORY
A STAGWELL & CAA COMPANY

23% revenue growth

CHIPOTLE: BACK TO THE START Genuine purpose + beautiful animated storytelling + Willy Nelson does Coldplay



WPP

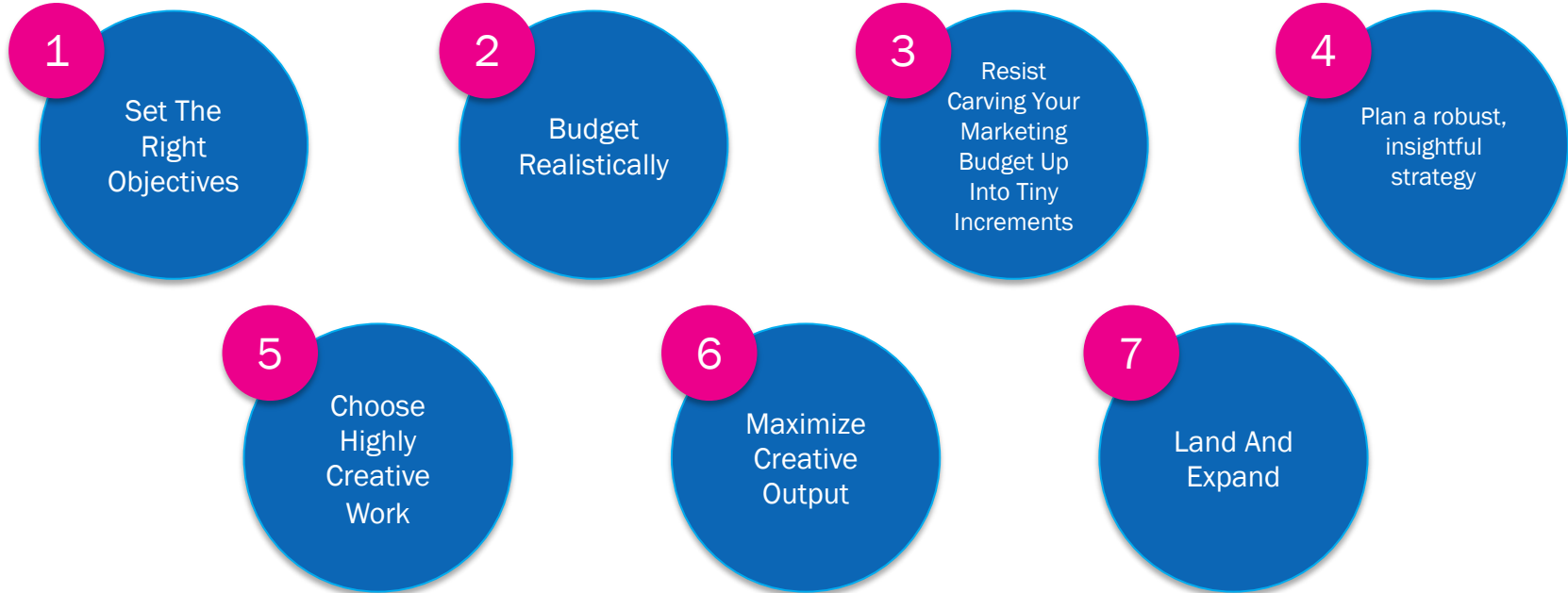
\$3.8BIL savings over 6 years

The company averaged about \$4 billion each year on advertising between 2015 and 2020, is on a six year six-year savings program to \$3.8 billion with organization structural change, agency streamline and in-housing.

How to Improve Creative Effectiveness

Reaching the upper levels of creativity is all about creating work that delivers brand-building and commercial results over a sustained period.

Here are the key principles of climbing the Creative Effectiveness Process



Heineken's Advertising to Sales Ratio Lags Peers, Best in Class

COMPANY	#BRANDS	MEDIA AD SPEND (Euro €)	REVENUE (Euro €)	ATS RATIO
 ABInBev <small>To a Future With More Cheers</small>	400	\$3.5b	\$52b	8%
 Heineken	300	€500m	€26b	2%
 MOLSON COORS <small>beverage company</small>	140	\$700m	\$10b	8%
L'ORÉAL	36	€5.5b	€33b	19%
	65	\$11.6b	\$76b	17%
 reckitt	22	£2.5b	£13b	19%
	400	€6.7b	€52b	13%

Heineken ranks #168 for Creativity amongst Global Advertisers

TOP 20 ALL CATEGORIES







World Creative Ranking 2021	COMPANY	MEDIA AD SPEND
1	Burger King	\$260m
2	The New York Times	\$125m
3	Nike	\$3,000m
4	Mars	\$800m
5	Ikea	\$500m
6	Apple	\$2,500m
7	McDonald's	\$1,400m
8	Essity	\$100m
9	Microsoft	\$1,300m
10	KFC	\$1,000m
11	Adidas	\$2,000m
12	John Lewis & Partnership	£100m
13	Unilever	€6,700m
14	Volkswagen	€3,000m
15	March For Our Lives	\$20m
16	AB inBev	\$3,500m
17	Diesel	\$200m
18	Coca Cola	\$4,000m
19	Samsung	\$6,500m
20	Daimler AG	€2,000m
168	Heineken	€500m

TOP ALCOHOL COMPANIES








World Creative Ranking 2021	COMPANY	MEDIA AD SPEND
1	AB InBev	\$3,500m
2	Diageo	€500m
3	Molson Coors	\$700m
4	Heineken	€500m
5	Kirin	\$300m

Heineken's Top 5 Agencies Need to be >60% of Spend

Currently <30%

COMPANY	# BRANDS	CREATIVE AOR AGENCY	INHOUSE	TOP FIVE % of ATL creative spend through roster	MEDIA AD SPEND (Euro €)	AGENCY MODEL
 ABInBev <small>To a Future With More Cheers</small>	400	Mother, W+K, David, FCB, Crispin Porter + Bogusky	Draftline	70%	\$3.5b	Global Lead Creative by Brand
 Heineken	300	Publicis + Multiple	-	<30%	\$500m	Free Agent
 MOLSON COORS <small>beverage company</small>	140	DDB, Droga5, Mekanism, JL, Alma	Volt	80%	\$700m	Fixed Creative Roster by Segment
L'ORÉAL	36	Publicis, McCann	BeautyTech	80%	\$5.5b	Fixed Creative Roster by Brand
 P&G	65	Leo, Burnett, Saatchi & Saatchi, Publicis, W+K, Grey	PG ONE and Woven	90%	\$11.6b	Global Lead agency Fixed and Flow
 reckitt	22	Havas, McCann	RB Studios	90%	\$3.2b	Global Lead Agency
 Unilever	400	Ogilvy, Wunderman Thompson, DDB, MullenLowe	U-Studios	80%	\$6.4b	Holding Company

Best-in-Class Creative Agency Consolidations – 2020, 2021

MARKETER	YEAR	OLD STRUCTURE	NEW STRUCTURE
	2021	400+ agencies	70% with WPP
	2021	3 Holding Companies	100% with Omnicom
	2020	5 Holding Companies	80% with 3 Holding Companies
	2021	10+ agencies	80%+ with Doner
 Mercedes-Benz	2021	100+ agencies	80%+ with Omnicom
	2020	10+ agencies	80%+ with Droga5
	2020	50+ agencies	80%+ with DDB, Droga5, Mekanism

Holding Company Top Clients

Ave Agency Fees
Of Top 3 Clients

TOP 3 CLIENTS

	  	<p>\$500M</p>
	  	<p>\$300M</p>
	  	<p>\$300M</p>
	  	<p>\$250M</p>
	  	<p>\$120M</p>
	  	<p>\$90M</p>



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**The Barriers to
Creative Excellence
(and How to Accelerate
our Creative Ambition)**

Stakeholder Interview Engagement

Stakeholder	Job Title
Alison Payne	Global Director Zero Alcohol Beverages
Anna Bizon	Senior Marketing Director Vietnam
Antoine Susini	Marketing Director France
Borja Manso	Manager Heineken Brand
Bram Westenbrink	Global Senior Director Heineken® brand
Carsten Schemmer	AMEE Regional Marketing Manager
Cecilia Bottai Mondino	Global Director Flavour Alcohol Beverages
Chay Whelan	Director Regional Commercial Excellence
Daniela Iebba	Director Communication Heineken Brand
Dario Ezequiel Tarulla	Senior Marketing Director Mexico
Ekaterina Agafonova	Director Strategic Sourcing Commerce
Els Dijkhuizen	Marketing Director NL
Emmanuel Oriakhi	Marketing Director Nigeria
Guillaume Duverdier	General Manager Mexico
Jacobine Lotgering	Marketing Excellence Director
James Thompson	CCO
Jan Bosselaers	Marketing Director Italy
Jonnie Cahill	Senior Marketing Director USA
Lucia Lopez-Rua	Marketing Director Spain
Maggie Timoney	General Manager USA
Malgorzata (Gosia) Lubelska	Global Senior Director Global brands
Michael Gillaine	Marketing Director UK
Nabil Nasser	Senior Marketing Director Brazil
Pedro Alves Antunes	Marketing Excellence Director
Rob van Griensven	Director Digital Heineken brand
Sam Browne	Dentsu Redstar
Sander Bosch	Global CMI manager
Sarah Maddock	Marketing Excellence Director
Vaishali Sachdev	Head of Media



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Stakeholder Interviews
Completed

What We Heard

ON CHANGE FOR CREATIVE EXCELLENCE

We *need the bravery to do things differently*, push things in the terms of creative development. Bring back brand strength through meaningfulness and differentiation.”

“Creative is murdered by needing everyone to agree.”

“We are not going to win this war with conventional warfare.”

ON PUBLICIS

“Publicis POV is *very western*. Good narrative and storytelling, but still *traditional*, less short form. Quite *self absorbed* and tend to *forget to align with agencies*.”

“Publicis has been at the service of the brand non-stop... no one has felt the need to look beyond.”

ON COMMERCIALS AND MEASUREMENT

“We need to invest more in our remuneration model: *agencies want you to make them famous or rich*. We’re not able to do either.”

“WE WANT TO DOUBLE SHARE 18%-36%. AIM IS TO PREMIUMIZE. HOW DO WE GAIN MORE SHARE OF THROAT?”

ON INTERNAL CULTURE AND PROCESS

“The mentality is don’t upset the stakeholders. *We have a culture of conservatism*”

“It’s not an ecosystem review, *it’s a system review*.”

“Everyone is doing their own job and not together... it’s not integrated, its competitive. Then *we try to patch together the integration*.”

“There are too *many cooks*. Too many people have a veto and too many people need to be policed. The *chain of command is not crystal clear*.”

What We Heard: Ambition to Push Creativity & Desire to Be Brave



FUTURE AMBITION

CREATIVITY AND INNOVATION

- Transformative Brand Building; from Beer Brand to Beverage Brand
- Breakthrough Originality
- Data, Tech and Innovation Driven Communications
- Creative Excellence & Consistency
- Continuity of Strategy, of equal importance to Innovation
- Consumer-centric, building on the "Joy of Consumption"; be part of the experience, not interrupt it
- Appealing to GenZ
- Responding to culture
- More collaborative between Creative and Media

AGENCY RELATIONSHIPS

- Better agency management
- Speed to market
- Better Briefs
- More Proactive Thought Leadership
- Dedicated Talent and Resource
- Improved Agency Performance Controls & Measures

CURRENT REALITY



BARRIERS TO SUCCESS

- X Culture of conservatism, internally and with agencies
- X Committee-approved creative. "Too many cooks"
- X Business approach to creative, not consumer driven; "Approach to creative is opportunistic and not strategic"
- X Not enough emphasis on data and insight-driven approach to Do, Share, Learn, Reapply and connect with consumer and drive conversations
- X Global creative strategies and toolkits not always relevant to local markets
- X Inconsistent KPI frameworks and agencies not held accountable for Innovation & Thought Leadership

What We Heard: What is Working Well



Good Brand Builders

- Defined ambition
- Clear vision and purpose to build meaningful differentiation based on developments in society
- Development of Creative Ladder as catalyst to better creative output
- Highly responsive and quick to integrate brands as they gain traction

"We should be proud of ourselves in that sense because we are really good brand builders. We have the right knowledge"



Appetite for Change

- Acceptance and appetite to step up creative position
- Eagerness to explore and test emerging formats

"We need to remove barriers, as a client we need to be more courageous and brave."



Establishment of CoEs to support OpCos (Americas)

- Starting digital hub using Mexico expertise (23 FTE Consumer Insights & Innovation)
- HUSA in-house creative saved USD 74K, produced 124 assets in 5 weeks. Ambition to drive 2.5MIL incremental value in 12 months
- Setting up creative operation with Dentsu to support smaller markets
- Providing support despite OpCos' ability to run independently

"Our current teams are more generalists; We now have a different set up: Bring in hubs to step up execution and allow quicker reaction."



Trust & Flexibility with Agency Partners

- Longstanding partnership with current agencies.
- Good work processes in place
- Support from small agencies supplementing smaller culturally relevant projects.
- Select agencies that play well in the sandbox; highly collaborative between media and creative
- Potential for Creative and Media to collaborate better to produce award winning work
- Publicis's global relationship in Europe is working well due to senior agency team and deep knowledge of the brand

"Ogilvy won more than 30 awards in Spain, a reflection of wonderful collaboration between Dentsu and Ogilvy."

What We Heard: What Needs Improvement

INTERNAL CULTURE AND PROCESS



Operating culture is too risk-averse

- **Too many stakeholders** with no clear chain of command
- All brands work in silos with split responsibilities
- **Standard process for agency management is missing**
- Weak, tactical and **uninspiring briefs**
- Teams **don't feel comfortable to take risk** and are not demanding enough of the agencies
- **KPIs do not drive creative standout** are focused on sales, trade marketing etc.).
- Not set up to develop communications with **speed**

GLOBAL-LOCAL ALIGNMENT



Balance of power is stilted

- Local markets desiring freedom and global's need to control the brand
- Heineken is **viewed as a western brand** vs. global one
- **High reliance on Amsterdam** for Heineken
- **Brand inconsistency.** E.g., Amstel has 22 brand positions.
- Brands potentially **cannibalizing** each other
- **Lack visibility of local market campaigns**

CREATIVITY AND INNOVATION



Not digital-first and forward-looking

- **Channel plan is written before creative conceptualization.**
- Not **digital-first**
- **Not currently plugging data** early in the strategy process
- **Lack of understanding of Gen Z** audience
- Too **European**
- Lack of closeness to pop culture and **ability to create hyper-localized creatives.**
- **Focus on adaptation work**, which gets more functional and less creative
- **KPIs do not drive creative standout** are focused on sales, trade marketing etc.).
- Not getting the **right resource**

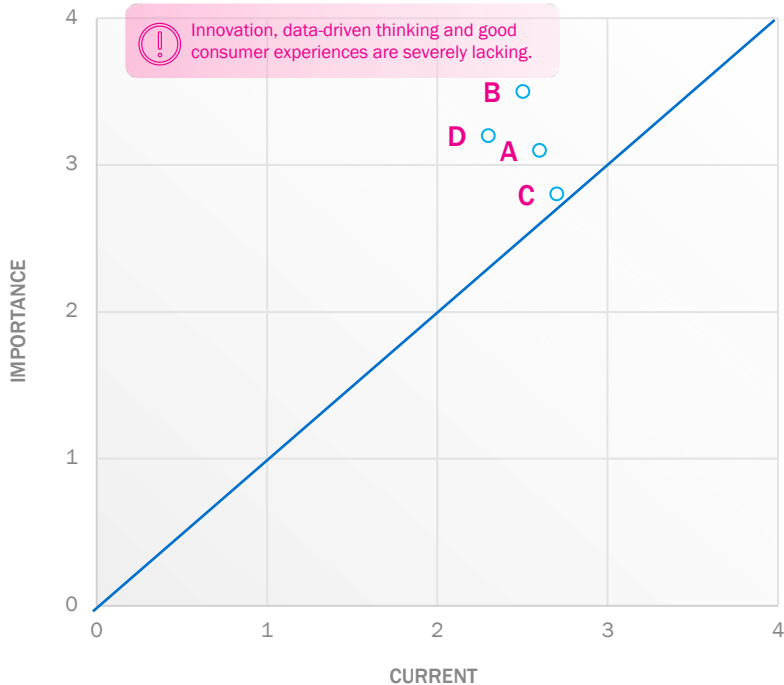
INCUMBENTS' PERFORMANCE



Siloed ways of working and inconsistencies

- 1,000+ agencies, with more than half not spending more than \$10,000
- Publicis **not working well with/ leading local agencies.**
- Don't do much for **smaller brands outside of Heineken/ category** outside of beer
- Time needed to **navigate new agency / relationships**
- Difficulty managing more than a quarter **small and ad hoc projects**
- **Inconsistent remuneration model** and measurement framework

Agency Experience, Talent, Capabilities, & Innovation are Lagging



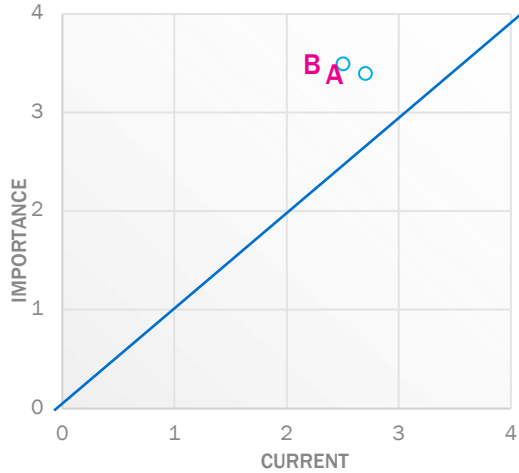
SCORING CRITERIA

CURRENT	RELATIVE IMPORTANCE
1 - Always below expectation	1 - Not important at all
2 - Sometimes below expectation	2 - Less important
3 - Always meets expectation	3 - More important
4 - Always exceed expectation	4 - Absolutely critical

	Current	Importance
A. Agency Experience <ul style="list-style-type: none"> Agencies not voluntarily sharing insights. Networks not utilized to full extent – global experience not leveraged. Category understanding leaves a lot to be desired, especially in a dark market Experience in handling complex stakeholder networks like in Heineken could be improved. Timeliness, cost and quality do not always come hand-in-hand 	2.6	3.1
B. Agency Team & Talent <ul style="list-style-type: none"> High staff turnover rates. Struggling with cross agency integration Integration of BTL, Digital & PR with ATL is critical, is not working. More check-ins on Heineken satisfaction levels required from agencies' senior management Seniority is important but it needs to translate into talent and knowledge. More guidance from agencies' global/regional levels are required. Often a case of too many cooks in the kitchen in the decision-making processes with agencies. Support in DEI is evolving & action in sustainability is relatively light-touch – tangible KPIs are needed. 	2.5	3.5
C. Agency Capabilities <ul style="list-style-type: none"> There could be more sympathy to brand direction, brand elements, boundaries and best practice throughout strategy and creative. Ability to supply fresh ideas is subpar. Agencies need to evolve at the same pace as Heineken, especially in terms of insights, strategy and speed. Integrated comms and storytelling is into looking at paid, earned, shared and owned. 	2.7	2.8
D. Agency Innovation <ul style="list-style-type: none"> Technology sometimes prioritized over solid creative ideas. Need to have a better understanding of what else is going on in the beer category and competitors' activities. Often use of technology pushes production over budget – budgets Traditional approaches, low standards in creative planning and ideas. Often Heineken find themselves leading the agency. 	2.3	3.2

Need to Elevate Agencies' Senior Leadership Involvement, Social & Influencer Marketing Expertise, and Data-Driven Thinking & Innovation

AGENCY TEAM & TALENT

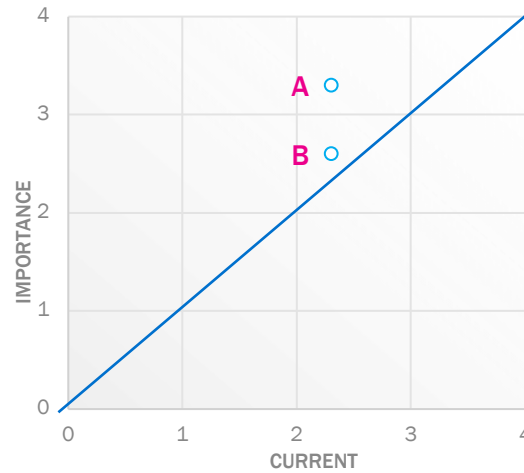


	Current	Importance
A. Senior involvement in the business	2.7	3.4
B. Seamless working/ Integration between different agencies	2.5	3.5



There are severe gaps in agency senior leadership involvement, and the ability to drive integration and collaborate.

AGENCY CAPABILITIES

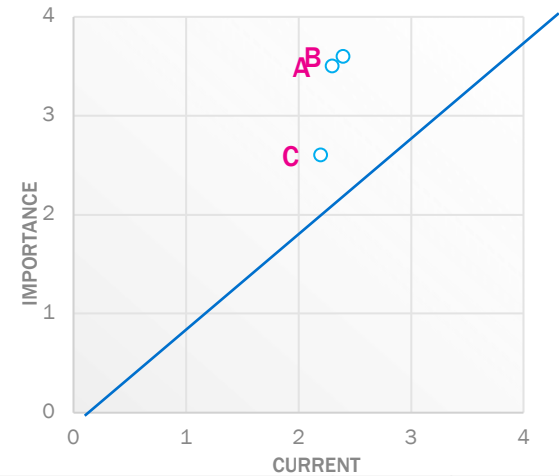


	Current	Importance
A. Deep content/ social media marketing experience	2.3	3.3
B. Proven experience in KOL/ Influence marketing	2.3	2.6



Ability to build deep consumer connection and experiences with right content is lacking.

AGENCY INNOVATION








	Current	Importance
A. Data-driven thinking/ research insights applied to strategy (e.g. applying real-time/ first-party/ post-campaign data)	2.3	3.5
B. Known for innovative marketing/ Reputation for cutting-edge creative work	2.4	3.6
C. Experience in tech-backed communications e.g. AI/ VR/ Gaming/ etc	2.2	2.6



Innovation, data-driven thinking are critical.




Unique Global and Key Markets Observations

Markets crave bolder creative ideas inspired by universal insights that can be easily adapted locally and scaled creativity across both traditional and innovative consumer touchpoints

MARKET	IN ONE SENTENCE
 <p>Global</p>	<ul style="list-style-type: none"> • Overall: Be Brave, build creative excellence to reposition and premiumize as Beverage brand • From Global: Increase appetite for bold creative, with control for global brand and respect for local cultures • Agencies: Deeper consumer understanding to drive stronger brand ideas which can be leveraged across multiple formats and fine tuned for local markets.
 <p>America and NSA</p>	<ul style="list-style-type: none"> • Overall: Heineken ecosystem and processes are stifling creative output and agility • From America and NSA: Strengthen the briefing process to fuel creative that inspires and resonates. Build a culture that celebrates creativity. • Agencies: Develop powerful universal insights that can be adapted locally.
 <p>EMEA</p>	<ul style="list-style-type: none"> • Overall: Top revenue contributing but lost brand power in recent years • From EMEA: Needs to increase relevance to consumers, but a challenge as it is managing spectrum of sub premium to premium brands with varied brand growth • Agencies: Struggle to captivate consumers beyond the traditional channels. Culture of conservatism.
 <p>AMEE</p>	<ul style="list-style-type: none"> • Overall: AMEE is a very complex market to navigate in terms of languages/cultures etc. Talent, tools and capabilities are not consistent across the region. • From AMEE: Become more regionally structured to ensure agile, efficient and relevant work. Hubs are currently essential to cover markets like Central Africa. • Agencies: Agency partner that has expertise in working with complex regions. Open to a global/regional agency with strong local insight capable of handling nuances.
 <p>APAC</p>	<ul style="list-style-type: none"> • Overall: Localisation is key to driving relevance with Gen Z • From APAC: Start positioning Heineken as a “Global Brand”, not a “Western Brand”. • Agencies: Grass isn’t greener on the other side. There is no other partner that understands the complexity and nuances of APAC well.



External Observations By Agency

Publicis' capabilities not fully explored

In One Sentence	STRENGTHS	GAPS
 <p>POWER TO PURSUE STRATEGIC AND BREAKTHROUGH CREATIVITY</p>	<p><i>"We're underutilizing Publicis and Le Pub, because not enough brands are involved in the system"</i></p> <p><i>"Agencies are creative by nature, but we need to review if the strategy aligns, and we are only spending time in the big brands only to do this."</i></p> <p><i>"I'm really happy with Le Pub, but how scalable is it?"</i></p> <p><i>"Publicis is not strong enough in Brazil so they are making a Le Pub in Brazil and Le Pub in Singapore to make sure the quality is consistent across the major markets."</i></p> <ul style="list-style-type: none"> • Longstanding relationship with incumbent agency • Great storytellers • Opportunity for original and fresh creative ideas • Capability to scale 	<p><i>"Too much central authority with the Heineken brand, no room for local interpretation."</i></p> <p><i>"When we hire them to do things differently for us, our culture doesn't like what our agency say."</i></p> <p><i>"Balance between accepting feedback and challenging it when they don't agree"</i></p> <p><i>"Local agencies chipping away their scope"</i></p> <p><i>"Great ideas often don't see the day of light"</i></p> <ul style="list-style-type: none"> • Agencies do not feel valued as a partner, to invest in relationship and effort. • Agencies lacking in passion for/deep understanding of the brand • Culture of conservatism stifling agencies • Lack of agency involvement in strategy development and brief process • Spend is scattered, leading to mediocre budget commitment
 <p>FUTURIST MINDSET AND OMNICHANNEL APPROACH</p>	<p><i>"Brings in Boomerang to do short form and now it's bought by Publicis"</i></p> <p><i>"They are performing well in terms of Creative Excellence."</i></p> <p><i>"They (Publicis and Dentsu) are collaborating – they build on each other. There is a good relationship between the two."</i></p> <ul style="list-style-type: none"> • Some pockets of innovative thinking • Availability of Boomerang to add power to digital, social media and content capabilities • Able to do omnichannel planning when working collaboratively 	<p><i>"Publicis is more traditional, but when moving towards more digital/experiential activations Publicis struggles more throughout the process."</i></p> <p><i>"Agency has not been able to incorporate digital enough"</i></p> <p><i>"We created Le Pub in a Crisis – they still behave like we're in a crisis"</i></p> <p><i>"Agencies do not have the capabilities to take the conversation further."</i></p> <p><i>"Agencies not driving innovation"</i></p> <ul style="list-style-type: none"> • Solving creative problems with traditional means • Creative not causing a reaction • Not bringing enough thought-leadership or new platforms, not forward planning, instead being reactive in the aftermath • Struggle to captivate and interact with consumers beyond the traditional channels • Data Analytics not set up upfront • Creative agencies have not evolved to keep up with need for digital first thinking • Does not have a learning loop based on data
 <p>DATA DRIVEN, ANALYTICS AND ROI FOCUSED</p>	<ul style="list-style-type: none"> • Collaborative between media and creative; i.e. The Future of Media collaboration between Publicis and Dentsu stepped up effectiveness • 50% of spend will be on digital • Upcoming Future of Content initiative looks to having a more embedded media and creative work process 	<p><i>"Adapt our advertising to be much more part of the experience rather than interrupt the experience"</i></p> <p><i>"Tend to forget to align with agencies, quite self absorbed, too many egos"</i></p> <ul style="list-style-type: none"> • Needs to hire more digital natives and digital-first people • Lack of dedicated experts to be on top of where consumers are, and bring concept to life across multiple touchpoints (360 omnichannel execution) and develop the consumer experience




External Observations By Agency

Publicis' capabilities not fully explored

In One Sentence	STRENGTHS	GAPS
 <p>GLOBAL GUIDED, LOCALLY RELEVANT</p>	<p><i>"It depends on the brand – as long as the regional/global brand had knowledge of local markets/presence. If we could have that handled at a more regional or global level that would be ideal."</i></p> <ul style="list-style-type: none"> • Some pockets of performance • Knowledge of in-market trends and ability to create relevant campaigns based off this 	<ul style="list-style-type: none"> • Not tapping powerful universal insights and adapting them locally to speak to consumer better, local nuance is lost • Work does not travel, unable to be relevant locally quickly • Global agency partner lack expertise in working with complex regions • Lacks in responsiveness and agility to launch content quicker; ability to navigate variety of OpCos resulting in creative inconsistency
 <p>HIGH CALIBRE, CONSISTENT TALENT SUPPORT</p>	<p><i>"You don't work with an agency or a model, you work with people. We have good people and we're fast."</i></p> <p><i>"Bruno Bertelli (Publicis CEO) is involved day-to-day with the brand – he transmits this passion to the team. He is truly passionate about the brand. [Probably involved more than he should but he believes in the brand's vision]"</i></p> <p><i>"Overly dedicated, crazy people at Le Pub"</i></p> <ul style="list-style-type: none"> • Availability of experts and specialists at Heineken's fingertips. • Publicis's global relationship in Europe is working well due to senior agency team and deep knowledge of the brand • Ultimate in flexibility; ensures constant breadth, variety of ideas when needed • Dedication, loyalty and speed from some teams 	<p><i>"Usually the lead creative director will step in and shake things up. We are relying on one person"</i></p> <p><i>"We were sort of working across those two agencies and having you know differing levels of support."</i></p> <ul style="list-style-type: none"> • Shortage of high calibre local talent drives reliance on Western agency • Lacking consistent support and resource


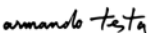




External Observations By Agency

Other agency partners

Agency	STRENGTHS	GAPS
	<p><i>“Great working relationship, won more than 30 awards in Spain, a reflection of wonderful collaboration between Dentsu and Ogilvy ”</i></p> <ul style="list-style-type: none"> • Agencies able to play well together (i.e. Ogilvy and Dentsu a reflection of wonderful collaboration) • Opportunity to explore future work • Potential to develop integrated marketing strategies 	<ul style="list-style-type: none"> • Limited by uncertainty of scope, this hinders ability to carve long term strategies, dedicate right resources, etc • Engaged on OpCo level, does not have opportunity to play bigger role in global strategy
	<p><i>“Good at Local insights & OpCo navigation”</i></p> <ul style="list-style-type: none"> • Agencies able to play well together (i.e. Ogilvy and Dentsu a reflection of wonderful collaboration) • 5 Years with AMEE • <u>Local insights & OpCo</u> navigation – M&C Saatchi are doing well at this, AMEE is a very complex market in terms of languages/cultures etc. It would be hard to find an agency partner that could do the same in this region • Works with all brands in AMEE 	<p><i>“I would like to measure the impact of creativity – Saatchi don’t have the tools to measure this. The Creative Ladder is subjective.”</i></p> <ul style="list-style-type: none"> • Limited tools for data and analytics support • Lack digital-first thinking • No clearly defined KPIs to work towards • Needs to be more result-driven
<p>• HAKUHODO •</p>	<p><i>‘Japanese creativity is a very fresh – it has a western touch and feel, it really makes a big difference.’</i></p> <ul style="list-style-type: none"> • In Japanese culture there is a lot of focus on strategic thinking • Nice mix of people • Much younger, much fresher, much more consistent staffing mix • Performance score 8/10 	<p><i>“They need to find a way to deliver on a global agency level.”</i></p> <ul style="list-style-type: none"> • Scalability challenges • Limited knowledge and resource for global support • Currently incredibly niche support in Vietnam
	<p><i>“Creative strategic thinking that is not happening in global”</i></p> <ul style="list-style-type: none"> • Provides tension for cutting-edge creative • Strategic in approach • Good partners • Knowledge of market trends and nuances, able to support OpCos create creatives that interact well with consumers • Large global footprint 	<ul style="list-style-type: none"> • Limited by uncertainty of scope, this hinders ability to carve long term strategies, dedicate right resources, etc • Engaged on OpCo level, does not have opportunity to play bigger role in global strategy

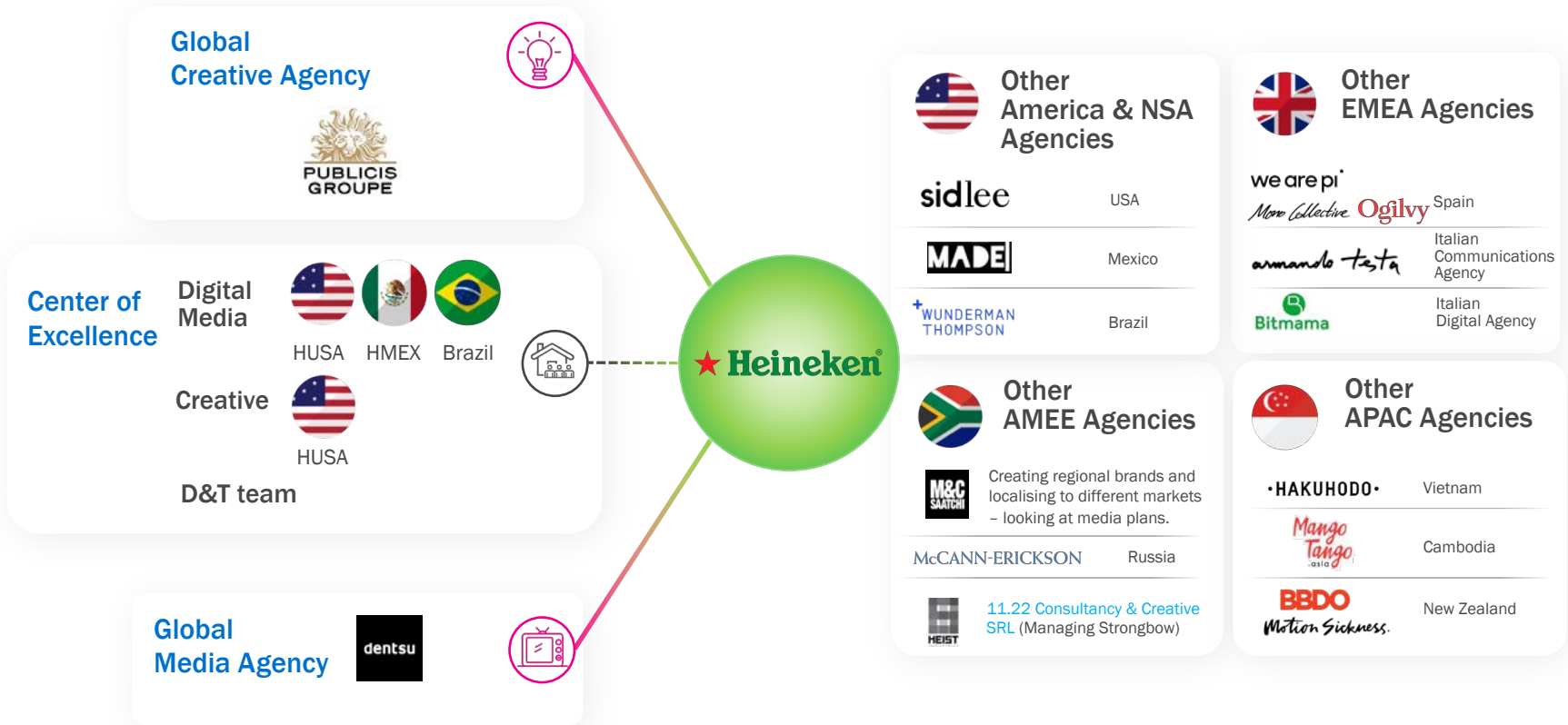
External Observations By Agency

Other smaller agencies for short sprints

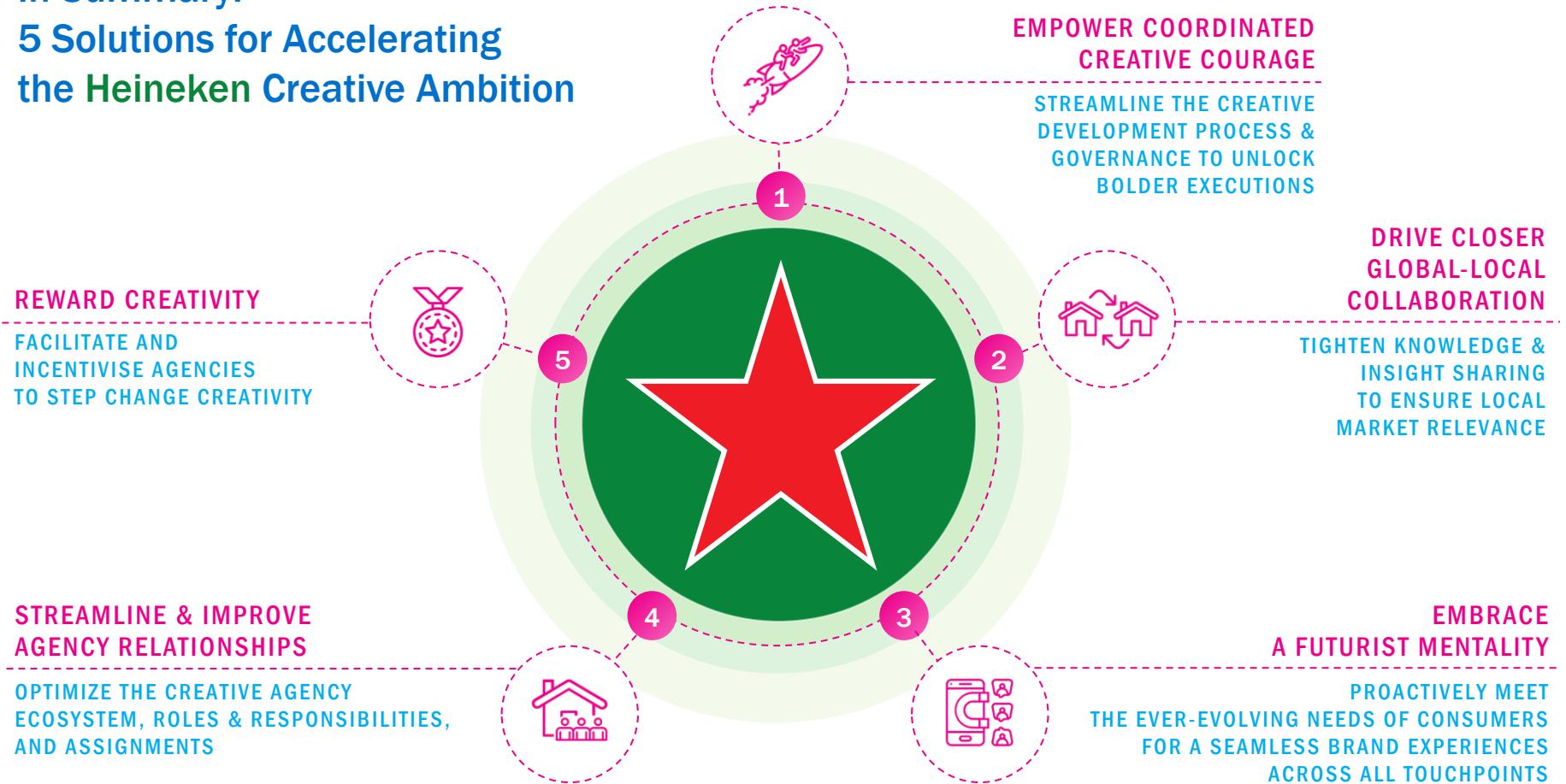
Agency	STRENGTHS	GAPS
	<ul style="list-style-type: none"> • Experience in handling varied, complex brands – 8 brands • Performance score of 6/10 • Pulse on local trends • Good understanding of local nuances • Able to apply knowledge to creative strategies 	<ul style="list-style-type: none"> • Lack knowledge in creating good point of sale strategies • Unable to do omnichannel planning
	<ul style="list-style-type: none"> • Italian Communications Agency • Pulse on local trends • Good understanding of local nuances • Able to apply knowledge to creative strategies • Score of 7.5 	<p><i>“Challenge is delivering fresh ideas, rejuvenation as they try to stick with what global Moretti teams are working on.”</i></p> <ul style="list-style-type: none"> • Fairly good performance but not innovative • Niche and limited in-market knowledge
	<ul style="list-style-type: none"> • Highly creative • Proactively seeks out emerging trends and new platforms • Strong digital and analytic capabilities • Able to drive integrated communications 	<ul style="list-style-type: none"> • Not collaborative enough • Difficult to work with others
	<ul style="list-style-type: none"> • Can be disruptive and creative • Proactively seeks out emerging trends and new platforms • Challenges Heineken team to think out of the box • Allows Heineken to explore and test and learn new ideas 	<p><i>“Translating it to a bigger comms campaign, higher level campaign messaging is where agency falls short”</i></p> <ul style="list-style-type: none"> • Limited by uncertainty of scope • Lacks consistency due to ad hoc campaigns • Inconsistent resource support • Fluctuating, small budget allocation • Engaged on OpCo level, does not have opportunity to play bigger role in global strategy
	<ul style="list-style-type: none"> • Collaborative • Briefing in to BTL specialist agencies and inter-agency network 	<ul style="list-style-type: none"> • Lacks consistency due to ad hoc campaigns • Inconsistent resource support • Engaged on OpCo level, does not have opportunity to play bigger role in global strategy
	<ul style="list-style-type: none"> • Good at storytelling 	<ul style="list-style-type: none"> • N.A. Did not explore many gaps here.
<p>Other agencies that have been mentioned</p>	<ul style="list-style-type: none"> • Anomaly – Handles Amstel • Rushmore – very local • Hello – boutique agency doing Amstel • Made – local agency • Rock, formerly known as Normadlive • Bitmama – Italian Digital Agency 6-7 • Liberty Group • Been there done that • Creative Collective 	<ul style="list-style-type: none"> • N.A. Did not explore many gaps here.

Current Creative Agency Model

1000+ Different Agencies; as many agencies as marketers



In Summary: 5 Solutions for Accelerating the Heineken Creative Ambition



To Take Heineken

FROM

TO



**EMPOWER
COORDINATED
CREATIVE COURAGE**

Stilted, risk-averse culture

Streamlined creative development & measurement process that embraces bravery



**DRIVE CLOSER
GLOBAL-LOCAL
COLLABORATION**

Ideas not underpinned by local consumer insights to fit market needs

Insight-driven creative strategies developed with hyper-local expertise to ensure breakthrough & relevance



**EMBRACE A
FUTURIST MENTALITY**

Reactive strategies leading to disconnected consumer experiences

Forward-looking, Integrated planning & development driven by data & innovation



**STREAMLINE & IMPROVE
AGENCY RELATIONSHIPS**

Disjointed agency ecosystem

More informed, consistent, & efficient creative development & deployment



**REWARD
CREATIVITY**

Inconsistent measures of success, and varying remuneration models

Accountability driven through incentivized agency relationships



3

Inspirational Creativity from Your North Star Brands

North Star Brands That Inspire Your Team

What can Heineken learn from them?

Unapologetically Creative; Locally Relevant



"Wendy's gave MCD a run for their money, BK came back with **challenger mindset** with local agency driven by social content. I like their attitude; I don't even remember their ads."

Insight-Driven Creative Strategies



"Dove is focused on purpose and how it can **repurpose the whole industry.**"

Forward-Looking Planners Driven by Data & Innovation



"Netflix is being brave and ensuring **creativity is applied into the touchpoints.**"

AB InBev uses World Class Agency Partners and Processes

Snapshot of some interesting work

EXECUTION

Bud Light Unites Fan-Favorite Characters For Epic Super Bowl Commercial To Launch New Program Celebrating 'Those Who Go To Great Lengths For Bud Light'

Legendary Characters Including Post Malone, Cedric the Entertainer, the Bud Knight and More Serve Up the Official Launch of Bud Light Legends Program



In line with the [notion of fun](#), Bud Light, a brand of St. Louis-based Anheuser-Busch, unveiled **Bud Light Legends**, a [new exclusive rewards program](#) and a legendary Super Bowl LV advertisement that reunites notable legendary Bud Light friends, including Grammy-nominated artist Post Malone, in one epic commercial.

The Legends [celebrate and recreate some of the best moments in the history](#) of Bud Light advertising.

PUT DOWN THAT PHONE AND PICK UP A BEER: STELLA ARTOIS URGES 'JOIE DE BIÈRE'

By E.S. Schultz, Published on April 14, 2018.



Stella Artois, meanwhile, imagined a bar where no one used a phone, [with an ad last year that began a new tagline](#), "Joie de Bière," which amounts to a bar-friendly twist on the French phrase "[joie de vivre](#)" [that means joy of living](#).

"The aim of this campaign is to inspire consumers to take time to enjoy [life]," says Stella VP [Harry Lewis](#).



- [Corona Studios](#) is an in-house production facility focused on creating quality entertainment at a regular pace.
- The studio launched a new original series called [Free Range Humans](#), which follows eight individuals who left behind their white-collar jobs to pursue a life of outdoor adventure
- Such as Brazilian PR-associate-turned-surfer Bruna Bessa, and English architect-turned-ocean advocate Emily Penn. [The show is AB InBev's first global content franchise.](#)

AB InBev Uses Inhouse to Lead Content at Scale

In-house agency proves critical for staying on top of fast-moving consumer trends



CHALLENGE

- Wants to better embrace creativity but avoid over committing.
- Link consumer understanding to what they do from a content and media standpoint.

STRATEGY

- **Bring social listening**, content creation and digital media buying in-house
- Started small (3 people, now >500); now (servicing 40+ brands)
- All roles in-house are new to the company

EXECUTION

- **Draftline guides the company.**
- It has proved critical to staying on top of fast-moving consumer trends in e-commerce and digital content due to clear strategic mandates.
- Draftline centers on bringing content and media closer together and sharpening data-driven creative functions.
- The internal shop secured its first Grand Prix win at Cannes Lions

KEY TAKEAWAY

- Internal shop governs brand tone based on strategic mandates.
- Saves time playing telephone across external agencies.
- Enables tighter collaboration between creative and media, and sharpening data-driven creative functions.
- Progression plans for existing and new team members needs to be put in place prior to hiring in-house teams



Apple puts its agency partnership to the test

Dedicated, confidential and creative in-house team focused on building the brand and delivering the right message



KEY TAKEAWAYS

Increase ownership of creative work by identifying and attracting the most innovative thinkers/doers in the industry.

CHALLENGE

Frustrated that its advertising was becoming lacklustre, Apple put its relationship with its global creative agency of record TBWA to the test.

STRATEGY

- In-house creative team launched in 2014, with >1,000 people inside Apple making ad content
- Hired Tor Myhren from Grey in 2015 and Nick Law from Publicis/RGA in 2019
- Many believe Apple is readying to spin budgets away from traditional, craft-heavy approach towards digital experience

EXECUTION

- World's largest creative in-house team
- External dedicated ad agency
- TBWA\Media Arts Lab (MAL) was restructured in 2017 to focus more on creating digital and regional campaigns – and less on translating, or “localizing,” big brand campaigns for global markets.
- MAL headcount was cut by 15% in 2019
- Apple now produces more of its global campaigns in-house. Its relationship with TBWA/MAL is still strong, proving that the in-house/external agency model can co-exist.
- More control equals better quality of output equals speed which enables the company to amplify their real-time marketing
- The ability to attract the best creative talent to Cupertino is what makes Apple's in-house agency different to other in-house agencies.
- Wins first-ever Creative Marketer of the Year award at prestigious Cannes Lions 2019.

L'Oréal is a digitally-driven creative business with tight global to local collaboration

CHALLENGE

L'Oréal's key challenge with e-commerce is that different markets are at different levels of e-commerce penetration and sophistication.

e-Commerce is 16% of global sales across 130 markets, but 50% of sales in China.



KEY FOCUS

- L'Oréal establishes a tech-enabled value exchange with consumers – delivering superior customer experience in exchange for their data and insights, without having to tax internal teams to play catch up with technology advancements.
- The company has a cross functional team dedicated to creating innovating tech solutions to address L'Oréal's business needs and challenges, while always improving customer experience and collecting valuable data.

PROCESS

- L'Oréal acquired ModiFace, a leading provider of augmented reality technology to the beauty industry. In mid-2019, ModiFace rolled out the technology on Amazon for customers.
- The brand created the Beauty Gifter bot which asks both the gift giver and the recipient questions in order to pick out the perfect beauty gift.
- L'Oréal's Research and Innovation Tech Incubator launched a “smart” internet-connected hairbrush that analyzes users' hair type using various sensors. A connected app provides hair tips and recommend L'Oréal's Kérastase products

KEY TAKEAWAYS

- Create a cross-functional team dedicated to creating innovating tech solutions to address business needs and challenges.
- Marketers working with agencies to include data and analytic experts within their core teams

McDonald's "Famous Orders" of Lead Creative Agency and Global AOR combo turns customers into superfans



CHALLENGE

Sees design and creative output as a critical element of the brand, and we have an opportunity to reflect that in everything they do. However, these are often applied in an inconsistent, transactional way. Over time, this has caused somewhat fractured creative quality.



"No matter who you are, everyone has a McDonald's order"

STRATEGY

- Close relationships with designers inside and outside the company
- Formed a team of "creative, innovative, and disciplined storytellers" called [Agency 123](#).
- [Wieden + Kennedy](#) will serve as the lead creative agency for its U.S. business, the largest market in the McDonald's system.
- They are chosen for their strong strategic and creative output and successful track record in developing provocative content to develop relationships between customers and well-known brands
- This change will support current and future growth with innovative and creative brand building campaigns.
- Builds on McDonald's Bigger Bolder Vision 2020 business transformation strategy to bring more craveable and delicious food offerings, such as the Fresh Beef Quarter Pounder, an improved customer experience
- [We Are Unlimited](#) continues to support the business with a focus on operational excellence.

EXECUTION

- 2020 Clio Awards Gold and Webby winning entry titled 'Famous Orders' for integrated campaign
- The Travis Scott Meal wins Creativity Awards Best ROI. [W+K](#), [The Narrative Group](#) and [Golden Arches](#) took a simple insight and turned it into a campaign.
- Quarter Pounder sales doubled in the first week, and sales grew 10% in four weeks, with \$50 million in incremental revenue. Stock prices soared, adding \$10 billion to McDonald's market cap.

KEY TAKEAWAYS

- Bring in talent on the team to push innovative storytelling capabilities and strategies to the brand.
- Evolve creative and customer experience and push vision by appointing one agency to lead strategic partnerships

The Coca-Cola consolidated 4,000 shops and names WPP as Global Marketing Network Partner – reducing data silos



CHALLENGE

- Consumers respond to an entire experience – they don't separate the message from the medium – and that's why we've designed an agency model to be truly consumer-centric and silo-free.

STRATEGY

- Named WPP as Global Marketing Network Partner to play a key role in executing a new marketing model that is built to drive long-term growth for the entire company's portfolio of brands across more than 200 countries and territories.
- A [Global Marketing Network Partner WPP's bespoke unit OpenX](#) to manage end-to-end creative, media, data and marketing technology, across the whole portfolio.
- A [Complementary Media Partner Dentsu](#) to bring differentiated capabilities in select markets.
- A [Strategic Roster Publicis Groupe and IPG](#) of approved agencies to provide access to the best creative minds, regardless of their location or affiliation.
- A [common data and technology platform](#) that connects marketing teams of five global categories, nine operating units, Global Ventures and Platform Services to the Global Marketing Network Partner.

EXECUTION

- Seamless integration of the power of big, bold ideas and creativity within experiences, amplified by media and data.
- [Create end-to-end experiences](#) that are grounded in data-rich insights and optimized real-time, at scale, as they learn from consumers.

KEY TAKEAWAYS

- Simplicity is critical to successfully operating a vast geographical and diversified business network
- Accelerate marketing transformation with ability to balance delivering integrated consumer experiences at a global scale with the agility, speed and data-driven insights that are required to win locally.

Outcome-Based Remuneration



Consistent fee management across brands working with multiple agencies

CLIENT CHALLENGE

Unilever realized that agency performance management was inconsistently applied and not considered motivating for agencies.

KEY FOCUS

An independent assessment of the fairness of current fee levels.
Reduce tension and time commitment when negotiating fees.

IMPACT

A clear framework to be consistently applied across brands in determining fees and assessing the business outcomes achieved through world-class communications.

R3 PROCESS

Stakeholder and agency interviews.

A standardized methodology for data collection to be analyzed before model implementation.

Roadmap approach to development.

Rollout of new framework, allowing for learnings and optimization of model to be factored in.





4

Examining Best-in-Class Creative Agency Ecosystems

On Change Management



*“It’s not the learning curve we need to worry about - it’s the **unlearning curve**.”*

We have a global team of TV led, traditional marketers, especially from the top down”

-Mukul Deoras

Former Colgate CMO
President Asia-Pacific



R3's 7 Types of Modern Marketing Organizations

Changes for marketers



Type	Inbound	Elastic	ToFu	Funnel	Culture	Creative	Customer
Marketing Goals	Solve for the customer.	Optimize product experience.	Get people interested in your solution.	Build on awareness of your product	Transfer the culture everywhere.	Delivering a seamless experience.	Nurturing customer retention.
Priorities	Steeped in buyer personas and personalized experiences.	Add headcount and/or functions as needed.	Scale top-of-funnel growth.	Service as many leads as possible.	Drive awareness and adoption, even internally.	Align marketing and merchandise for a holistic experience.	Improve customer success while upselling new features.
Difference	Marketing as a dedicated function allows it to serve multiple internal "clients."	Marketing organization flows through Product Marketing Managers.	Creative team is key – the head of the creative team reports to the CEO.	Team divided into relationships, demand, and product.	Everything is based on merit. Very few titles exist, only team names.	Marketing is organized by disciplines across each category. The GM of each business line sets the overall objective.	Production, marketing, and strategy work as one to produce assets to support the rest of the organization.
Teams	Demand Gem Product Mtkg, Brand, Content	Product Mktg, Ops, Content and Comms, Creative, Field Marketing	Product, Web Development, Corp Comm, Content Mktg, Customer Mktg	PR/ Corp Comm, Marketing (country/ customer specific), Product Mktg	Flat structure with individual teams for Content, PR, Events, Brand, Sponsorships	Merchandizing, Creative, Marketing	Brand, Lead Gen, Customer Retention
Example Companies	Dell, UPS, Salesforce	P&G, Microsoft, Nestle, Coke	Visa, MasterCard, Intel	Amex, Kimberly Clark, Colgate	Facebook, Dove, Lego, Disney, Nike	L'Oreal, LVMH, Estee Lauder	Amazon, Tesla

R3's Six Degrees of Integration – Pros and Cons of Each Model



MULTIPLE BEST IN CLASS

Brand hires multiple specialists

Pros:

- Most common model
- Provides high degree of resource flexibility
- Access to “best in class” specialties such as social, content, e-Commerce etc.

Cons:

- Increased client management time
- Potential cost inefficiencies
- Potential barrier to integration across agencies
- Likelihood of scope duplication



LEAD AGENCY

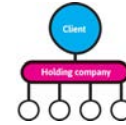
Brand appoints one agency to guide brand direction and coordinate across other agency partners

Pros:

- Tighter client-agency coordination; fewer points of contact to manage across media channel partners
- Potentially greater integration

Cons:

- Lead agency can dominate to point where other agency voices are drowned out
- Lead agency “Jack of all trades, master of none”



HOLDING COMPANY: SISTER AGENCIES

AOR across Global and Markets

Pros:

- Global team provides central strategy, direction and overall accountability
- Potential for stronger integration
- Provides some degree of resource flex
- Time and cost efficiencies (fewer agency contacts)

Cons:

- Limited “best-in-class” options
- May be efficient and integrated on paper, not in practice
- Less flexibility when managing agency conflict



HOLDING COMPANY: CUSTOM AGENCY

A custom agency is specially created

Pros:

- Potential for the greatest degree of integration
- Built to client “specs” (requirements)
- Time and cost efficiencies (fewer agency contacts)

Cons:

- “Ivory tower” risk: agency turns into a reflection of client instead of representing an independent voice
- Agency talent recruitment and retention issues, especially for creative talents
- Inconsistent strengths across markets



FREE AGENT

Brand hires multiple and varying agency resources based on needs

Pros:

- Ultimate flexibility – ensures constant breadth and variety of ideas
- For brands with cachet, agencies come calling instead

Cons:

- Client team needs to be highly centralized and well-staffed to manage the multiple agencies and projects
- May work against integration as a goal
- “Free agency” can turn into “free for all”



ONE STOP SHOP

Brand hires a single, established agency to handle all marketing functions

Pros:

- Potential for the greatest degree of integration
- Time and cost efficiencies (fewer agency contacts)

Cons:

- One agency that can do everything equally well is rare: agency is likely “Jack of all traits but master of none”, lacking key specialists
- May not have sufficient resources and talents for global + in-market project management and execution
- Potential for “ivory tower” risk: diminishes independent agency voice

Case Study: Fewer agencies provides tighter collaboration and greater knowledge sharing (i.e. consumer insights, creative best practices, etc.)



Global Marketing Network Agency

70% WPP

Bespoke unit called **OpenX** to manage end-to-end creative, media, data and marketing technology, across the whole portfolio.



KO:OP

Hybrid model and an in-house creative agency, through consolidation of third-party agencies, which could play a bigger role in its "new, networked organization."



Japan, Korea Media Partner dentsu

Bring differentiated capabilities in Japan, Korea



30% Other Agencies Strategic Roster



Leo Burnett

McCANN

Wieden
Kennedy+

Roster of approved agencies to provide access to the best creative minds, regardless of their location or affiliation.

Common data and technology platform

Connects marketing teams of five global categories, nine operating units, Global Ventures and Platform Services to the Global Marketing Network Partner, Complementary Media Partner and Strategic Roster.



PROS

- Global team provides central strategy, direction and overall accountability
- Potential for stronger integration
- Provides the flexibility to use WPP talent across the more than 200 countries. i.e. Ogilvy, Wunderman Thompson and MediaCom have some of the strongest existing ties on the WPP roster within OpenX
- Time and cost efficiencies (fewer agency contacts)



CONS

- Mammoth 400 Agencies Review
- Organizational restructure
- Alignment of top-level holding company executives
- May be efficient and integrated on paper, not in practice
- Less flexibility when managing agency conflict

Case Study: McDonald's flexible roster gives choice

Supplemented by local creative firepower in Must-Win markets



Global Creative Agencies



In-House Team – Agency 123

In-house agency and a creative powerhouse: Comprised of creative, innovative, and disciplined storytellers that are committed to telling smart, succinct, and sustained stories on behalf of McDonald's



Global Media Agency

PUBLICIS GROUPE
Streamline its digital marketing strategy.



Previously, "We Are Unlimited" – a dedicated agency created by Omnicom for 3 years Omnicom has handled the business for 20 years



Creative Agencies - Exceptions

Wieden Kennedy⁺
US

cossette
Canada

Scholz & Friends
Germany

•HAKUHODO•
Japan

Other Agencies

GOLIN **PORTER NOVELLI** PR
Interbrand **the marketing store**
Branding & Design Promotions

Digital Agencies

Capgemini
tribal **PUBLICIS GROUPE** **AKQA**
R/GA



PROS

- Control over design and creative output as a critical element of the brand, opportunity to reflect that in what brand does.
- Flexible by market – 140 countries have choice
- Reduce inconsistent application and fractured creative quality.
- Tighter client-agency collaboration for innovation and strategy.
- Potentially greater integration with other best in class experts




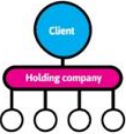
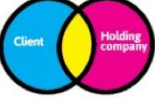
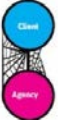
















CONS









- Agencies are often 'threatened' to be swapped out of roster
- Standalone DDB offering in US failed (WK brought in)

R3's Six Degrees of Integration

● Excellent
 ● Average
 ● Poor

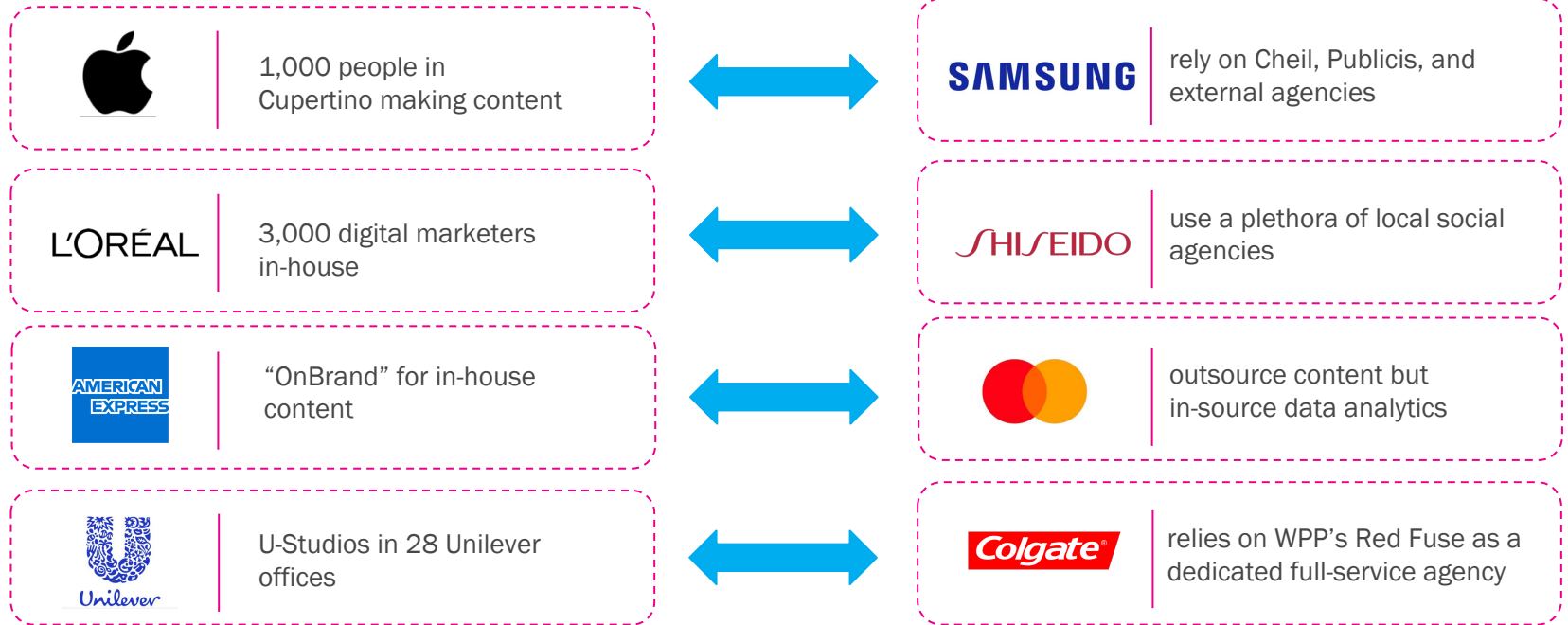
	Current Model				Current Model (Heineken)	
	 FREE AGENT Marketer sources best ideas from multiple and varying agency resources. Few AORs in place (if any).	 MULTIPLE BEST-IN-CLASS Marketer hires multiple agency specialists across disciplines.	 LEAD AGENCY Marketer appoints one agency to guide brand direction and coordination across other partners.	 HOLDING COMPANY/SISTER AGENCIES Team of discipline specialists belonging to same holding company.	 HOLDING COMPANY/CUSTOM AGENCY Holding company creates a custom agency for the client.	 ONE-STOP SHOP One agency is hired to provide all marketing services..
CREATIVITY	●	●	●	●	●	●
TALENT	●	●	●	●	●	●
CONSISTENCY	●	●	●	●	●	●
INTEGRATION	●	●	●	●	●	●
EFFICIENCY	●	●	●	●	●	●
INNOVATION	●	●	●	●	●	●
	 	   	  	  		

Best-in-Class Creative Agency Models

COMPANY	AGENCY MODEL	MEDIA AGENCY	CREATIVE AGENCY	DIGITAL INNOVATION	DIRECT/ EXPERIENTIAL	INHOUSE	AGENCY MODEL
Amazon		Initiative	Grey, Mullenlowe, JL, Leo Burnett	We Are Social, Laundry Service, VMLY&R	Stack	Analytics and Insights (A&I) Engineering team D1 (Creative team that sits under Global Marketing Team, XCM)	Data Led Project Creative
Apple		OMD	TBWA EG+ (Transcreation)	Critical Mass, Elephant, AKQA	-	Creative & Production (1,000 headcount)	Global Holding Company
Netflix		Wavemaker, MullenLowe	AKQA, Superheroes (Amsterdam, New York)	RED, Essence, R/GA	NVE	Ad Tech, Programmatic, Performance, Social	Project Creative Strong inhouse
Google		PHD	72andSunny, Anomaly, BBH, JL	Essence	Gryo	Google Creative Lab	Global Lead Creative and Media
Disney		OMD/Publicis	TBWA, McGarryBowen, Multiple	We Are Social, Huge, R/GA	Quigley-Simpson	Yellow Shoes (Creative) StudioLab	Global best of breed Agencies and external Acceleration Programs
L'Oreal		Mindshare, Essence, Wavemaker	Publicis, McCann	Wavemaker	MRM	Innovation: BrandStorm Hackathon	Fixed Creative Roster Media by Market
P&G		Starcom, Mindshare	Grey, BBDO, Publicis, Leo, Burnett, Saatchi, W+K	Mediacom	Quigley-Simpson	PG ONE (30% of its \$7bn global media spend is planned in house) Creative & Production	Global Lead agency Fixed and Flow launched in 2019
Unilever		Mindshare, Initiative, PHD	Single Agency by Brand (Ogilvy, Wunderman Thompson, DDB, Mullen Lowe)	Huge	Havas, Geometry	U-Studios (In-House Digital and Content)	Holding Company

There Is No “Secret Sauce” to increasing bench strength

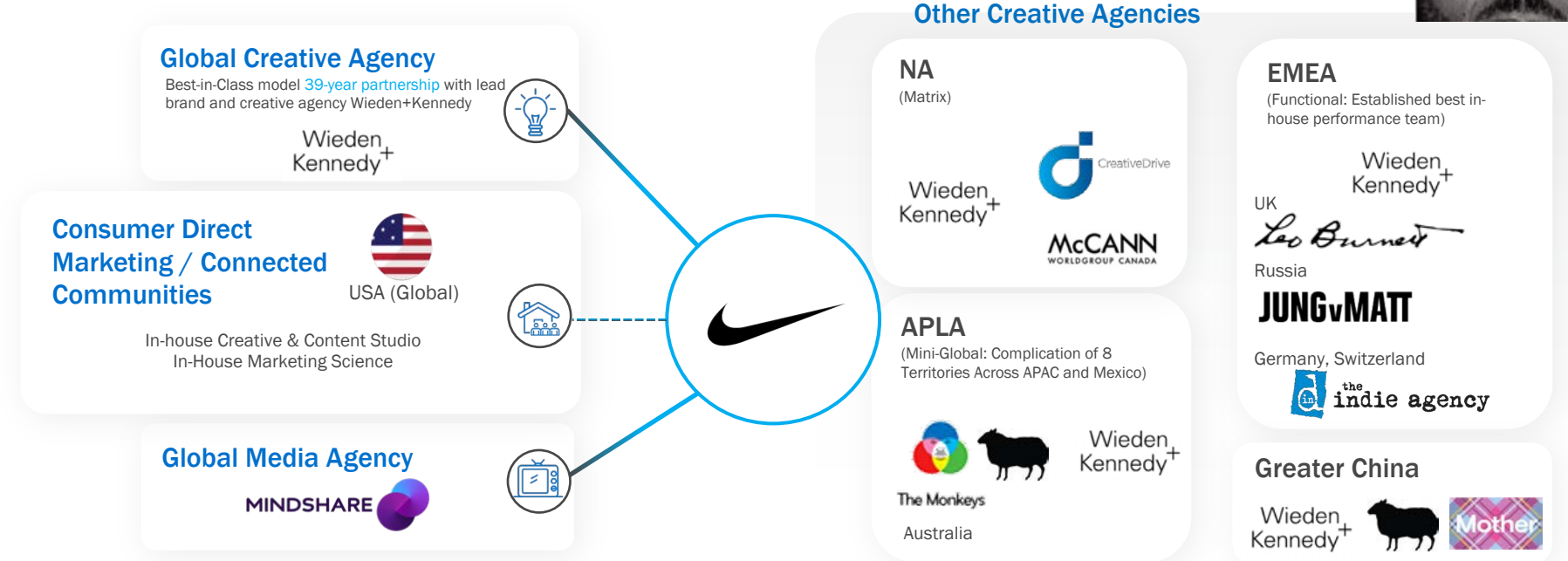
Even within categories, brands take their own journeys



KEY TAKEAWAY

Opportunity to learn from North Star brands but need to chart one’s own course

Nike buys brave work, with social inhouse



PROS

- Continuity of brand strategy and creative consistency
- Breakthrough creativity through “Collaboration” process
- Multiple WK offices “pitch” against each other for global work
- Harness communities beyond social engagement toward commerce
- Access to “best-in-class” specialist agencies



CONS

- Requires bravery and openness from marketing folks
- Reliant on a single global creative agency
- “Mouth Bigger than Stomach” - some ideas are not well enough funded

AB InBev dedicated by brand with Draftline



Creative Braintrust

AB InBev formed what it calls the Creative Braintrust to advise brand teams. The group has included people such as Colleen DeCourcy, the former global chief creative officer and president at Wieden+Kennedy; Susan Credle, global chief creative officer and global chair at FCB; and Matthew Bull, a consultant and former chief creative officer at McGarryBowen New York.

Global Creative Agency

anomaly **72andSunny** Budweiser



sidlee

Stella Artois



Corona



Other Creative Agencies

Mexico, Brazil

Leo Burnett



Argentina



Draftline

Built up its own in-house agency to be closer to the creative process. Brings content and media together. Critical to staying on top of fast-moving consumer trends in e-commerce and digital content. Extended to include digital and social.



Global Data Agency

EPSILON™

China

GREY



OBSERVATORY
A STAGWELL & CAA COMPANY

DAVID
Miami

Pereira O'Dell



PROS

- Centered around winning brands, category development and digital transformation
- Internal shop governs brand tone based on strategic mandates.
- Saves time playing telephone across external agencies.
- Enables tighter collaboration between creative and media, and sharpening data-driven creative functions.
- Progression plans for existing and new team members needs to be put in place prior to hiring in-house teams

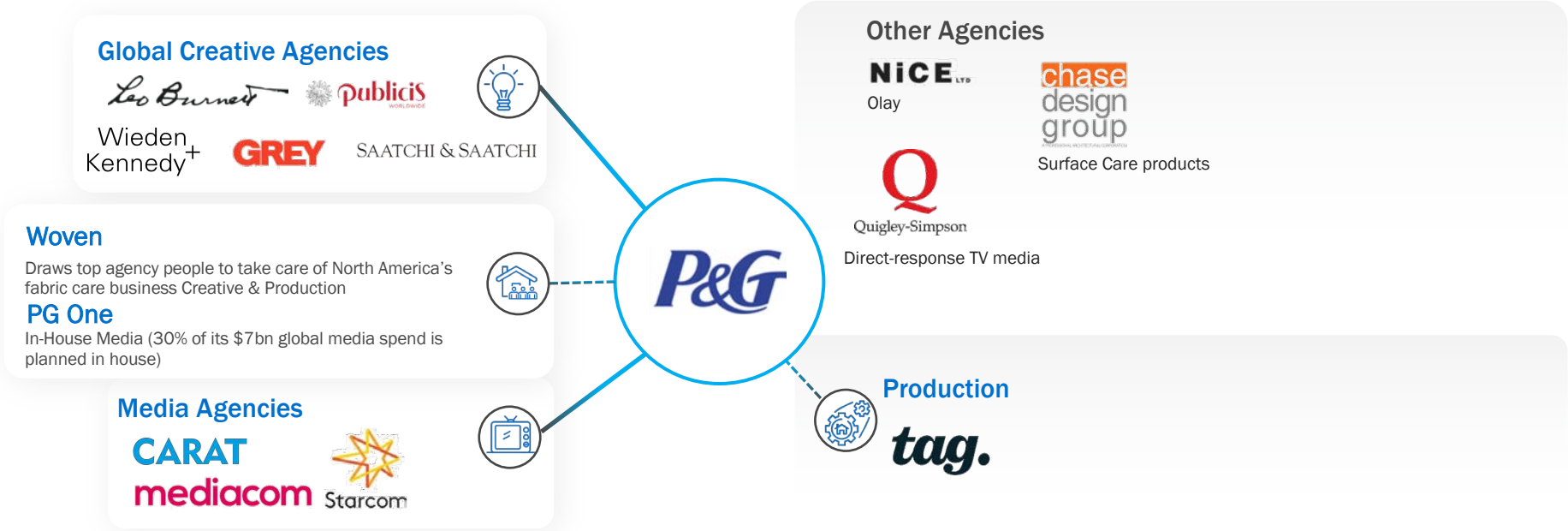


CONS

- Increased client management time
- Potential cost inefficiencies
- Potential barrier to integration across agencies
- Likelihood of scope duplication

P&G's Fixed-and-Flow Model Saves \$1B;

Cannes Lions crowns P&G Brand Marketer of the Decade in 2020



PROS

- Tighter client-agency coordination; improved efficiency through better agency relationships and partnership
- Greater integration; Catapult innovation with combination of roster agencies and other boutique hot shops
- Greater local relevance, and speed and quality at a lower cost.
- Flex allows more open sourcing of creative talent and production capability to increase competition between agencies



CONS

- Lead agency can dominate to point where other agency voices are drowned out
- Lead agency "Jack of all trades, master of none"
- Agency talent recruitment and retention issues, especially for creative talents
- Inconsistent strengths across markets

Is Heineken A Big Enough Prize?

Holding Company Top Clients

Ave Agency Fees
Of Top 3 Clients

TOP 3 CLIENTS

	  	<p>\$500M</p>
	  	<p>\$300M</p>
	  	<p>\$300M</p>
	  	<p>\$250M</p>
	  	<p>\$120M</p>
	  	<p>\$90M</p>



Unilever and MullenLowe

MullenLowe and Unilever's soap brand, Lifebuoy, have one of the longest standing relationships in the advertising world - over 117 years.



Katy Bond
Chief Marketing and Communications Officer, Unilever



Alan Lublin
Group Chief Executive Officer, MullenLowe

Fast Facts



Client



Agency



Markets



Length of Relationship

The Relationship

Unilever and MullenLowe have maintained a close and relationship for over 117 years. Unilever's soap brand Lifebuoy was developed in 1914 by the DMCC giant's predecessor - the Lever Brothers - and in 1976 the agency Unilever was created as a dedicated shop for the brother's soap. Over the years, the agency underwent several reconfigurations from Unilever to Unilever & Partners, MullenLowe before finally becoming MullenLowe with several more iterations in-between. The one thing that remained constant was their relationship with Unilever, and it has only grown stronger as Lifebuoy has pursued an expansive social platform to increase hygiene around the world.



The Team

MullenLowe leads the Lifebuoy team from their Singapore office, where the agency has a dedicated business director in-charge and oversees the brand. The agency team that works on Lifebuoy is a dedicated group of veterans having worked on the account across several markets. They truly understand the business and the client's mission. Unilever's motto of "Doing good by doing well" really resonates with how the Lifebuoy team approaches their marketing strategy. Their approach to selling the soap is to not try to sell hard, but rather to focus on the essential nature of their agency partners and social solutions to spread awareness about hygiene across key markets.

The Work

Over their 117 year-long relationship, the agency has produced countless campaigns for Lifebuoy. Most notable is recent work, and perhaps most indicative of the way each side approached the brand's marketing strategy, is the "help a child wash" campaign. The campaign is focused on the Indian market, but has been recognized by advertising awards on a global scale. The Unilever project seeks to help stop preventable but fatal diseases by encouraging thorough hand-washing routines for new moms. The spots, co-created by MullenLowe Singapore, MullenLowe DDT Beijing, and new Lotus Mumbai, follow several new moms around India as they are taught the simple routine that will save their child's lives.

The Results

Unilever's hand-washing programs deployed in these open were rolled out to villages across 14 developing countries and led to up to 100% increase in hand-washing people. One of the cruxes of the relationship, the client agency partnership has won numerous awards, including Cannes Lion, Effie, Tambell Award, Best Agency and several others.





Nike and Wieden+Kennedy

Wieden+Kennedy has been Nike's AOR for 34 years, during which time Nike has grown to be a \$30 billion business and has become one of the most recognizable sports brands in the world.



Greg Williams
CEO, Wieden+Kennedy



Steve Luby
President, Wieden+Kennedy

Fast Facts



Client



Agency



Markets



Length of Relationship

The Relationship

More than anything else, W&K has created a strong and consistent voice for the Nike brand. What helped Nike find a voice that speaks simply and honestly, but can be unexpected at times and is never afraid to talk about controversial issues. The brand has become the voice of athletic excellence and connects with both the professional athlete and the weekend warrior. "Just Do It." Nike's iconic tagline was first used over 28 years ago, was developed by the shop in 1988 and has appeared in all of Nike's communications ever since. The relationship has been so long-lasting because of mutual respect, trust, and the desire to drive creativity and innovation.



The Team

Nike plays an integral part in the way that W&K works. The agency network is set up to drive growth in the client to foster the partnership and help develop work that challenges culture. Nike sets out a clear problem to solve and facilitates the creative process as much as possible. The agency strives to bring a fresh perspective and innovative approach to completing Nike's business projects, enabling W&K to make valuable contributions to the business and the relationship.

The Work

Some of the work that W&K has done for Nike and Nike's relationship includes work like "Write the Future" and "Find Your Greatness." "Write the Future" was a three-minute film bringing together some of the world's best athletes to show people what only one person can do. "Find Your Greatness" sought to inspire people in their personal achievements, encouraging people to reach their performance within the Nike spirit of acceptance, which has over eight million members worldwide.



The Results

Both of these campaigns saw impressive results. Both of these campaigns saw impressive results for the brand with the "Write the Future" film garnering over 40 million views and 2.9 billion impressions on Facebook. "Find Your Greatness" made like the number one talked about brand during the 2012 London Olympics, driving engagement and increasing everyday activities with the brand. The social media impact during the Olympic ceremony was significant with over 140 million impressions, and the Nike's credibility grew by 10% through the Olympic season. "Find Your Greatness" also helped drive the business with a 20% increase in global incremental sales. The relationship has yielded countless awards over the years, but the focus remains focused on business results.



Thank You!

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