

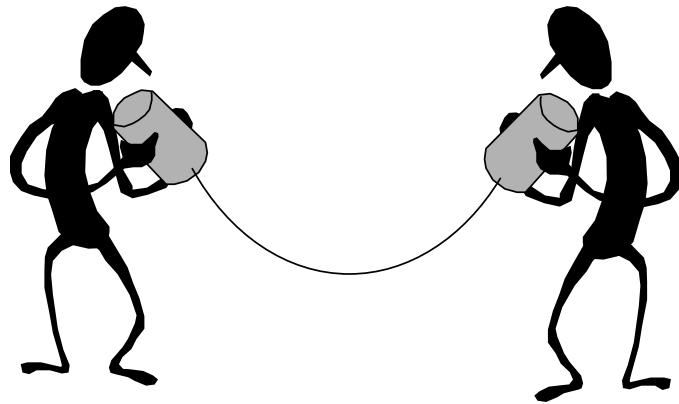
Management of Integrated Agency Relationships

Eve Reiter
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American Express

Association of National Advertisers
Financial Management Conference
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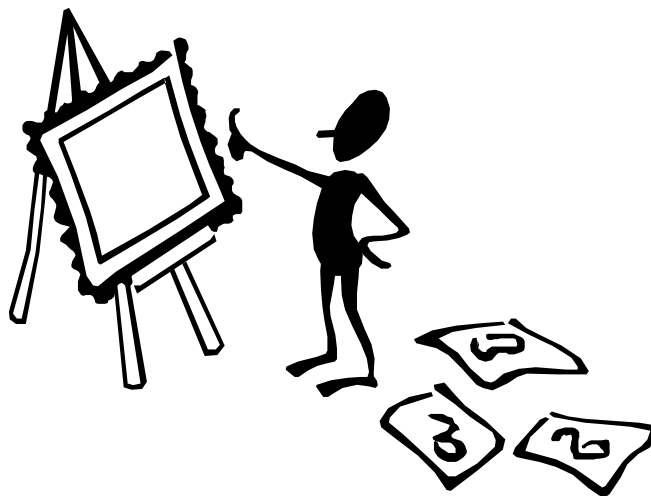
Consumer Today

- “Talk to me, don’t sell to me”
- Focus on my most relevant needs/ interests
- Provide me outstanding customer service
- Make most of my time



What it means for Marketers

- Right offering to right audience
- Customer-centric dialogue
- Optimize end-to-end customer experience
- Leverage new channels to engage with customers



Today's multi-agency environment

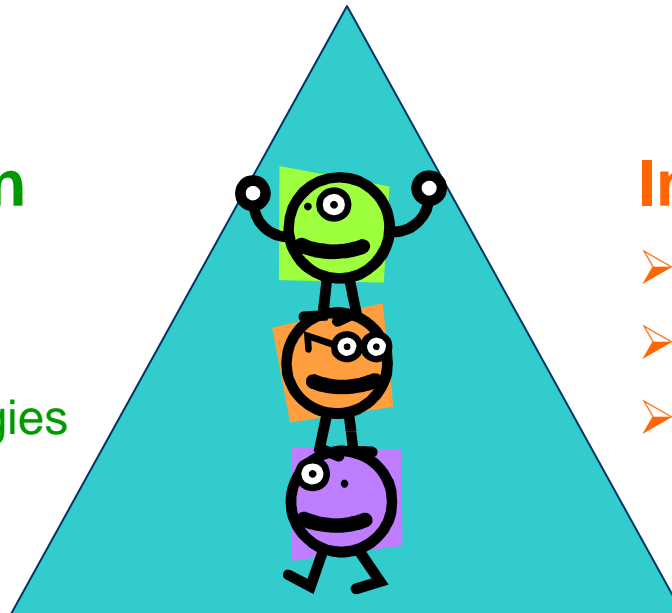
- Multiple Agencies of Record
 - Specialized expertise
 - Growing online
 - Emerging channels
 - Channel convergence
- More client stakeholders
- Increased scope & complexity
- Need for integration & single voice in marketplace



Maximizing value across agency network

Collaboration

- Teamwork
- Integration
- Network Synergies



Innovation

- Best ideas
- Smart risk taking
- Use new channels

Accountability

- Measurement/ ROI
- Pay for Performance
- Efficiency/ Scale

Collaboration

- Best thinking and synergies across network
- Positive work environment/ morale
- Avoid duplication or unnecessary rework



Collaboration – Briefing Process

- **Strong creative briefing process**
 - Inform and inspire agencies
 - Vision, consumer value proposition & insights
 - Set expectations & mandatories upfront
 - Metrics of success
 - Mandatories – ex budget, timelines, T&Cs
 - Identify key decision makers
 - Learnings from past campaigns
 - Umbrella brief for integrated campaigns

Collaboration – Other Best Practices

- **“Rules of the road”** for working together
 - Clarify roles/ responsibilities across agencies
 - Involve right decision makers early in process
 - Ongoing checkpoints & feedback to agencies

Innovation

- New ways to strengthen customer value proposition
- Breakthrough messaging/ generate buzz/ excitement
- Leverage new channels & technology



Innovation Best Practices

- Encourage ideas from all agencies
 - Ideas should be channel agnostic
 - Encourage joint ideation
 - Recognize ideas even if agency doesn't execute idea
- “Innovation brief” to help flesh out ideas and pressure test viability – ex. cost, scale, technology, privacy
- Establish gating process to evaluate new ideas and prioritize for funding
- Include innovation as part of agency evaluation criteria

Accountability

- Measurement of Results
- Pay for Performance
 - Base Compensation
 - Agency Evaluation/ Bonus
- Efficiency/ Scale

Examples of Key Metrics

Program Costs

- Agency Fees
- Production
- Media

Direct Response

- Online Marketing
- Direct Mail
- DRTV
- Sponsorships

Business Metrics

- Sales
- Spend/ Usage
- Share



Econometric Modeling

Brand Metrics

- Net Promoter
- Recall
- Breakthrough

PR/ Buzz Factor

Metrics Best Practices

- Include key metrics as part of briefing process
 - by type and by channel
 - establish targets upfront
 - establish requirements for tracking & reporting, and discuss agency resource implications
- Share metrics with your agencies
 - Results/ learnings from past and ongoing campaigns
 - Results against targets – ex for agency evaluation process

Agency Compensation



Key objectives:

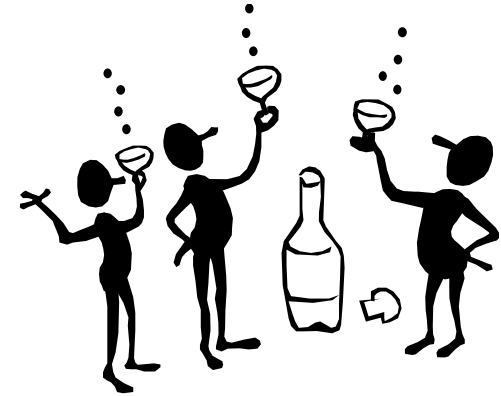
- Right staffing – skills/ levels to support scope
- Fair on both sides
- Simple to communicate, track, and manage
- Standardize principles across agencies
- Pay for Performance – agency evaluation/ bonusing

Compensation Models



<u>Type:</u>	<u>Best for:</u>	<u>Pros</u>	<u>Cons</u>
Retainer	Custom or strategic work Centralized organization Scope established upfront	Secure best agency resources Predictable agency revenue Eliminate ad-hoc negotiations	Budget and scope commitment Difficult to administer for decentralized organization
Hourly rate pricing	Custom or strategic work ordered on an ad-hoc basis Decentralized organization	Establish pricing for custom work Client budget flexibility	Need to negotiate price for each individual project Unpredictable agency revenue Billing required per project
Project Based	Standard project work ordered on ad-hoc basis Decentralized organization	Fixed prices simplify price negotiations Client budget flexibility	Unpredictable agency revenue Billing required per project
Commission	Need for simplest fee structure Decentralized organization Scope established upfront	Client budget flexibility	Reduced accountability for specific deliverables Unpredictable agency revenue
Bonus	Strategic agency relationships Client committed to agency evaluation process	Incent best performance More upside potential for agency	More fees at risk for agency Harder to budget for client

Agency Evaluation Process



- Establish annual goals such as:
 - Creative quality
 - Collaboration
 - Innovation
 - Financial management/ compliance
 - Campaign/ business metrics
- Incorporates qualitative and quantitative feedback
- Year-end score determines bonus

American Express

Are You a Cardmember? Campaign

- Evolution of My Life. My Card campaign
- Value of membership & benefits of belonging
- High profile CMs describing how the Card helps them live life on their own terms
 - Customer Service
 - Financial Security/ Confidence
 - Rewards
 - Pursuits/ Access – experiential and offers (Fashion, Entertainment, Sports, Travel)

Examples - 360 Campaign Activation

- Fashion/ Shopping
 - Diane Von Fustenberg
 - Mercedes-Benz Fashion Week
 - Fashion coverage via online channels
- Entertainment/ Sports
 - Tribeca Film Festival
 - US Open
 - Ticket access and offers
- Travel
 - Stress Free Travel
 - Rewards - Pay with Points, special travel experiences
 - Members Know – Cardmember community site

American Express Integrated Agency Team

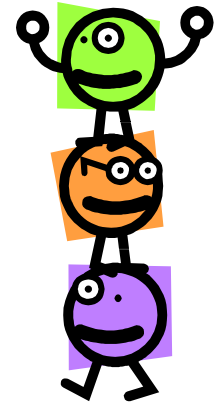
Supports 360 campaign:

- Broadcast
- Online
- Print
- Access Platforms
- Experiential



*Neo @ Ogilvy does Int'l
online media planning & Buying

Successes & Opportunities



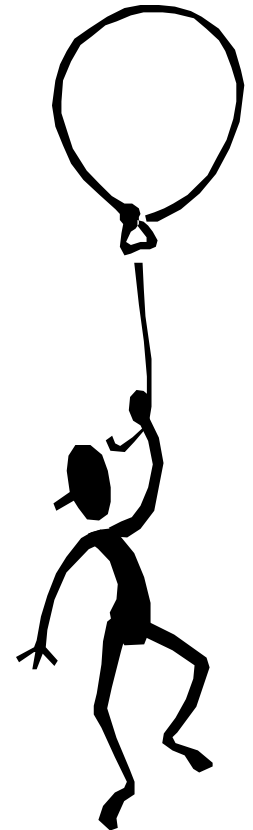
Successes

Opportunities

<p>Collaboration</p>	<ul style="list-style-type: none"> - Strong integrated agency team - Strategic partners - Improve Briefing process - Share Best Practices 	<ul style="list-style-type: none"> - Leveraging Global Network - Integration with large organization - Training - working with agency partners
<p>Innovation</p>	<ul style="list-style-type: none"> - Joint ideation across agencies - Digital innovation - New CM experiences/ access 	<ul style="list-style-type: none"> - Measuring Short/ Long Impact - Responding to changing online environment
<p>Accountability</p>	<ul style="list-style-type: none"> - Strong metrics culture - Scale/ efficiencies - Simplified agency evaluation - Standardized processes across agencies 	<ul style="list-style-type: none"> - Improving metrics - esp. online - Continuing to optimize Marketing ROI - Finding new marketing efficiencies

Takeaways for You to Consider

- **Improve briefing process to inspire & inform your agencies**
- **Encourage joint ideation to develop and bring to life breakthrough 360° ideas**
- **Strengthen pay for performance model across agencies to reward best work**





Thank You!

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