

HEINEKEN **AND** ATL AGENCIES

360° Evaluation 2021

- Results
- Performance Based Remuneration
- Next steps

Content



- Executive summary
- Adoption and Overview of Agency Performance Evaluation
- Average Performance of AGENCIES by OpCo in 2021
- Performance Based Remuneration (PBR) - Adoption and KPIs
- Ambitions & Next Steps

Executive summary



The purpose of the Performance Evaluation is to assess 2021 collaboration between HEINEKEN and ATL Agencies, identify areas for improvement and propose next steps.

Overall, Agencies **Meet Expectations** with a disappointing score of **60**. The Evaluation highlights significant areas that must be addressed.

Key points:

PERFORMANCE OF AGENCIES

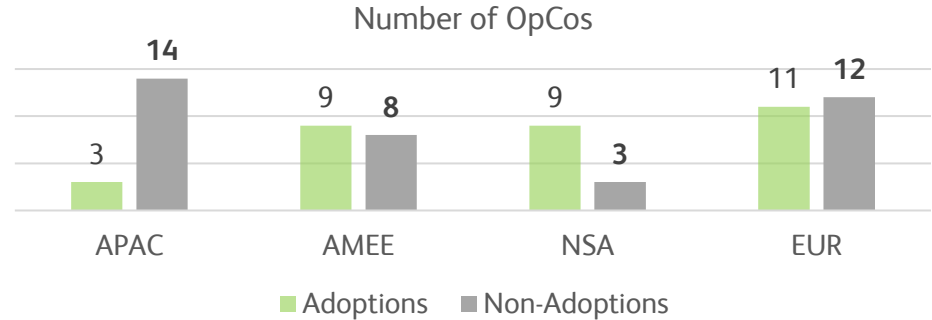
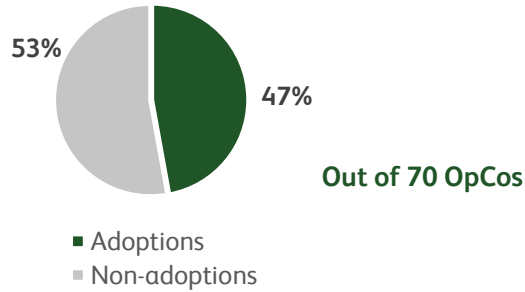
- **53% of the OpCos** still have to adopt the Global Evaluation process
- Evaluation based on 115 agencies vs 18 LY
- All Regions **Meet expectations**
- APAC scores lowest with **54** and only 3 OpCos evaluated
- EUR and AMEE score highest with **62**
- 6 OpCos evaluated their Agencies as **Need Development**

PERFORMANCE OF HEINEKEN

- Overall, the Agencies view of HEINEKEN is **Strong** with an average result of **73**
- NSA highest with **77**

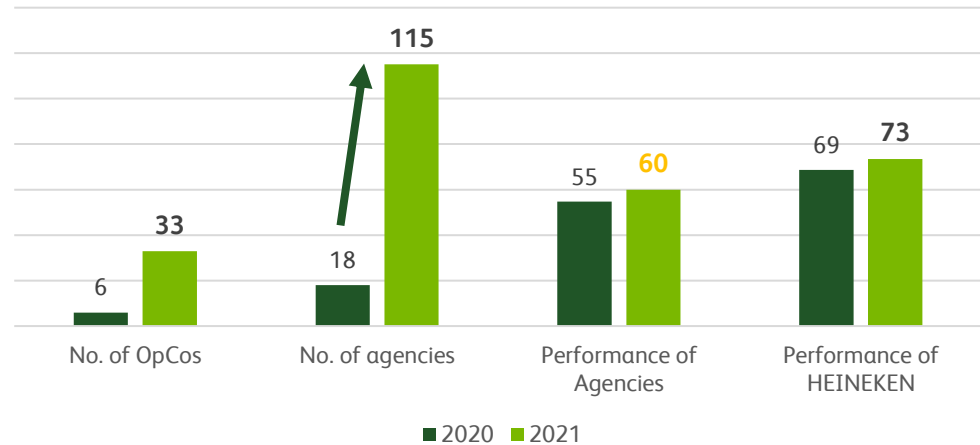
Adoption and Overview of Agency Performance Evaluation

Despite more agencies being evaluated, results are average



Notes:

- 47% of OpCos evaluated in 2021 represents **47% of the total ATL Fees**
- Only 3 OpCos in **APAC** adopted the process
- NSA – majority of OpCos onboard & 50/50 for AMEE and EUROPE
- Improvement needed on both HNK and Agency side



360° Evaluation

How does it work?



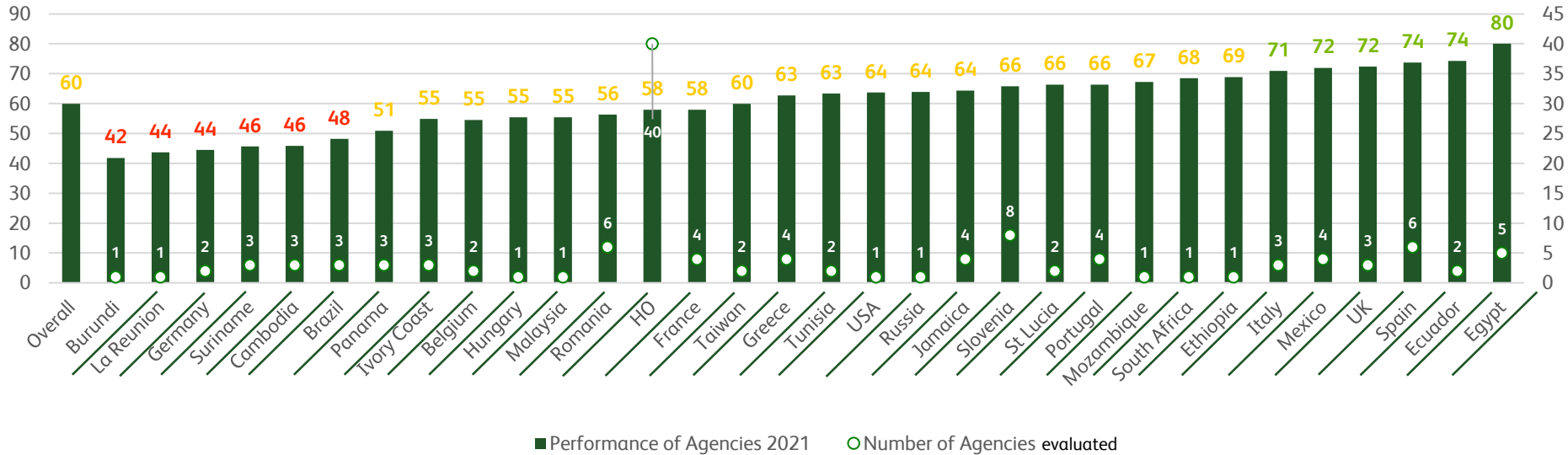
Who rates who?

- HEINEKEN Evaluate AGENCIES → Performance of AGENCIES
- AGENCIES Evaluate HEINEKEN → Performance of HEINEKEN
- AGENCIES Self-Evaluation to assess Perception Gap

Scoring grid

| Rating | Meaning | Score | Colour |
|--------|--------------------|---------|--------|
| 5 | Excellent | 100 | Green |
| 4 | Strong | 70 + | |
| 3 | Meets Expectations | 50 - 69 | Amber |
| 2 | Needs Development | 25- 49 | Red |
| 1 | Unsatisfactory | 0 - 24 | |

Average Performance of AGENCIES per OpCo 2021

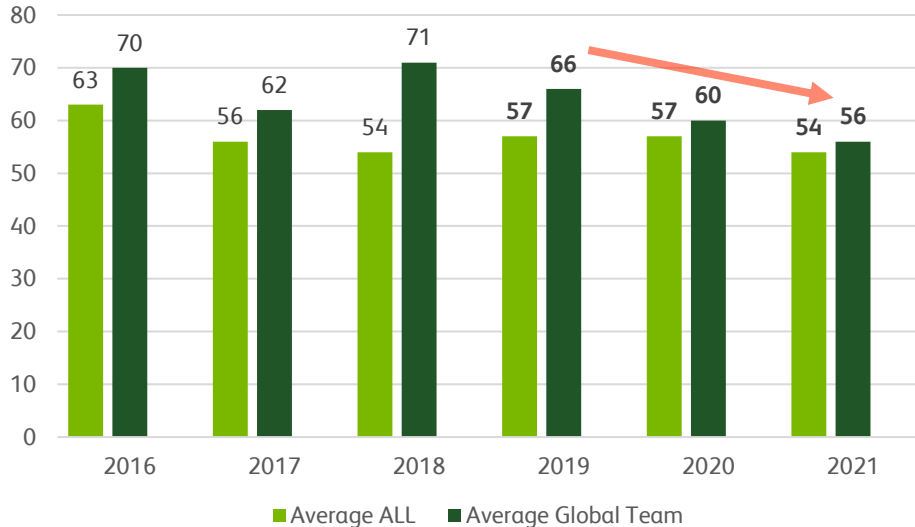


Notes:

- Biggest decline for Brazil compared to 2020 (48 vs 58)
- 6 OpCos are not satisfied with the performance of their agencies rating them as **Needs Development**
- **Strong** results for a handful of Opcos: Italy, Mexico, UK, Spain, Ecuador and Egypt
- Publicis included as part of HO

Heineken evaluation of Publicis since 2016

Decreasing Results Overall and Global

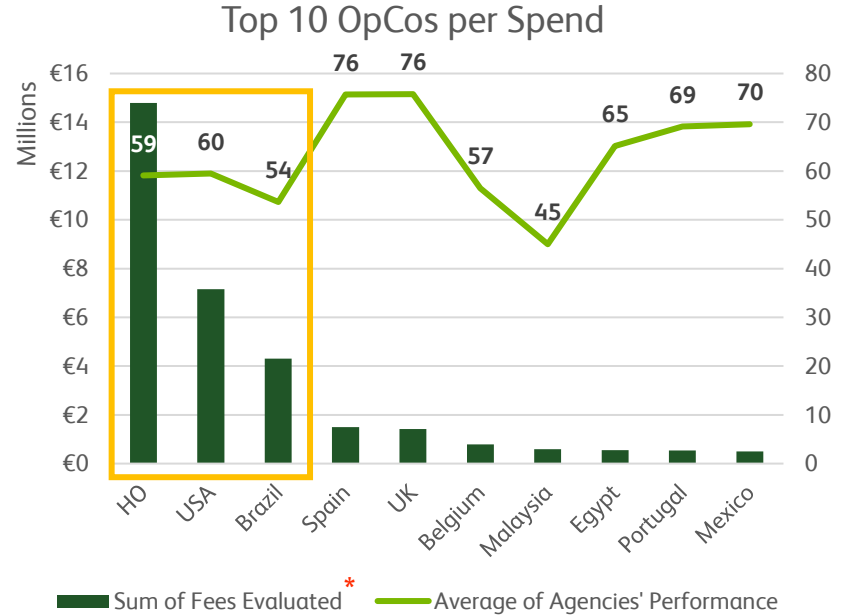
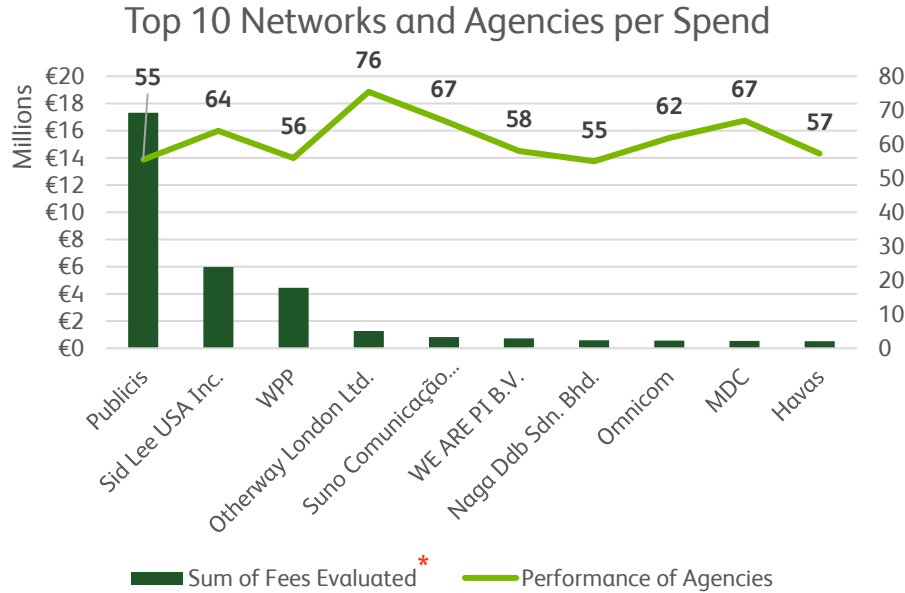


Notes:

- Decreasing results overall and with respect to the Global Team, scoring respectively **-3%** and **-4%** vs LY
- Overall scoring **Meets Expectations**

Global Team = 12 respondents

Where we spend the most is not where we get the best results



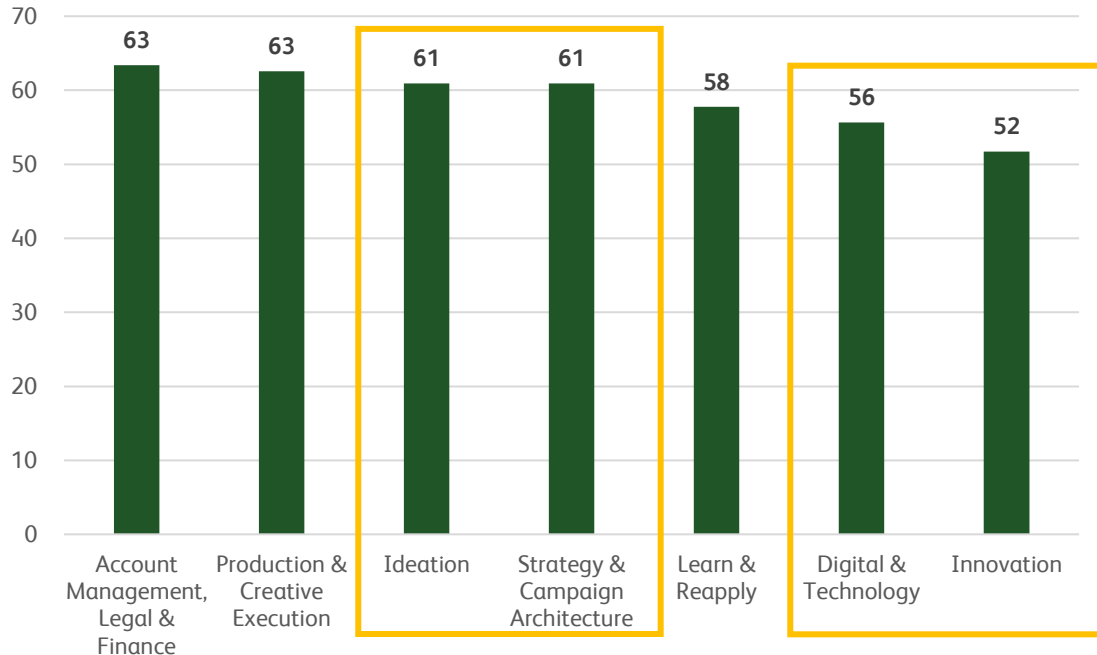
Notes:

- Publicis has the highest spend and the lowest score of the Top 10 (lower than average)

* Based on Fees of Evaluated Agencies / OpCos only (i.e. not total spend)

AGENCIES Strengths & Weaknesses

Business focus is on Creative Excellence and Strategy; however, both criteria only get to 3rd and 4th position

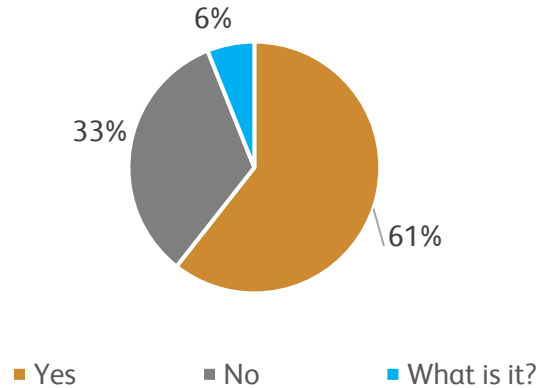


Notes:

- All areas can be improved
- Raising attention in Ideation and Strategy & Campaign Architecture
- Innovation and Digital & Technology score lowest. However, those 2 criteria are the hardest to evaluate

Performance Based Remuneration is Best Practice

We need help landing PBR adoption with strategic agencies



- Nb of agencies under PBR: **40**
- Spend covered: **approx. €29ml - 35% of total ATL Spend**

Notes:

- *Clear benefits from OpCos → Better motivation, Efficiency and Culture of Effort and Merit
- Challenges to be aware of → can be difficult to negotiate, better understanding of the process is needed

Ambitions & Next Steps

We should expect better performance from Strategic Agency Partners Performance Evaluation and Remuneration are critical

Ambition 2022-2023

- **OpCo Adoption process** : From 47% To **100%** of the Key Agencies in each OpCo
- **Performance Evaluation Spend coverage** : From 47% To **80%** of the total ATL Spend
- **Agencies Performance Results** : From 60 (Meet Expectations To **70 and above (Strong)**)
- **PBR spend coverage** : From approx 25% of the spend To **60%**
- 100% of Key Agencies in **STUN**

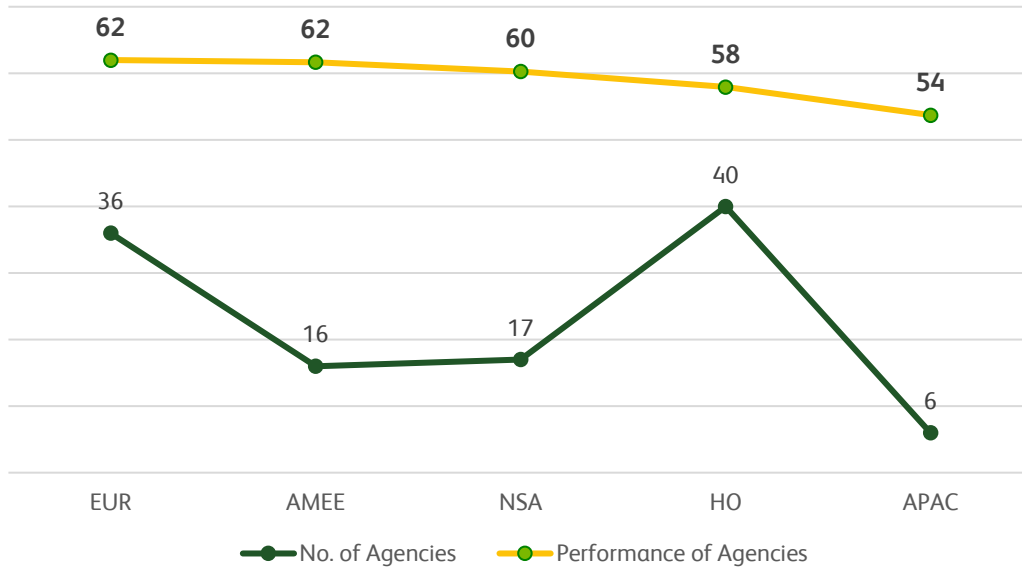
→ **FoCP project (Future of Creative Partnerships)** will accelerate this ambition

Next Steps

- **Share results with Regional Capability Marketing Directors**
- **Amend and Align Questionnaire, Scoring & Performance Brands Metrics with GCU and CMI to strengthen PBR**
- Get on board with the PBR process and overcome the challenges in a collaborative way
- Check benchmark from the industry
- **Mid Year Review** will kick off in **May** and it will be simplified evaluation - crucial to evaluate twice/year

Appendix

Performance of AGENCIES by Region



Notes:

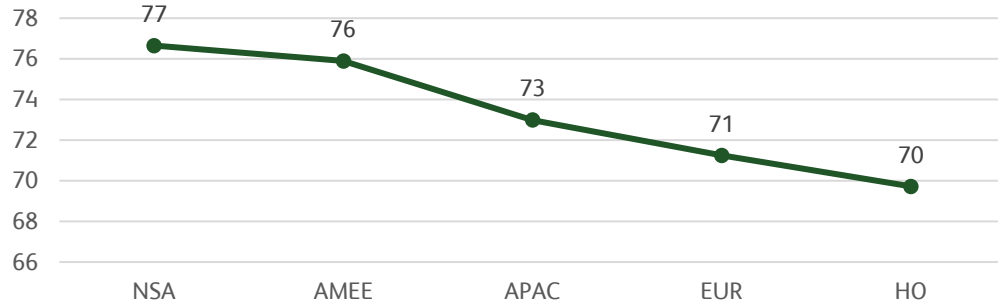
- Overall average score is **60**
- APAC** scores the lowest with only 6 agencies evaluated in 3 OpCos (Taiwan, Malaysia, Cambodia)
- HO includes 31 Publicis agencies (Global eval)

Performance of HEINEKEN by Region

HEINEKEN results are Strong, but improvement is required



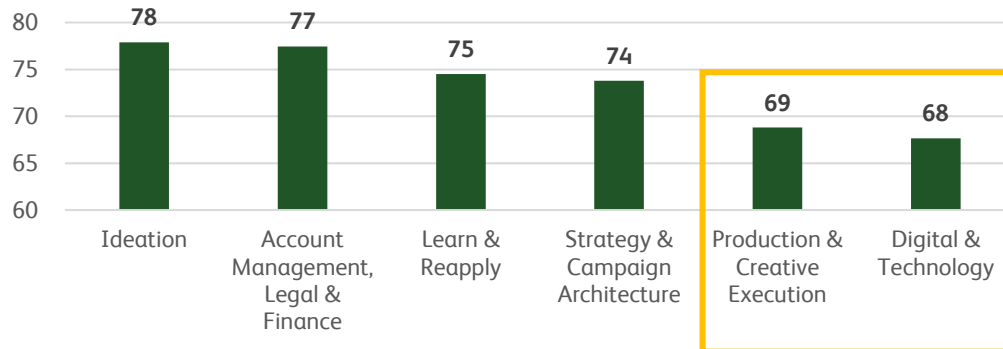
By Region



Overall:

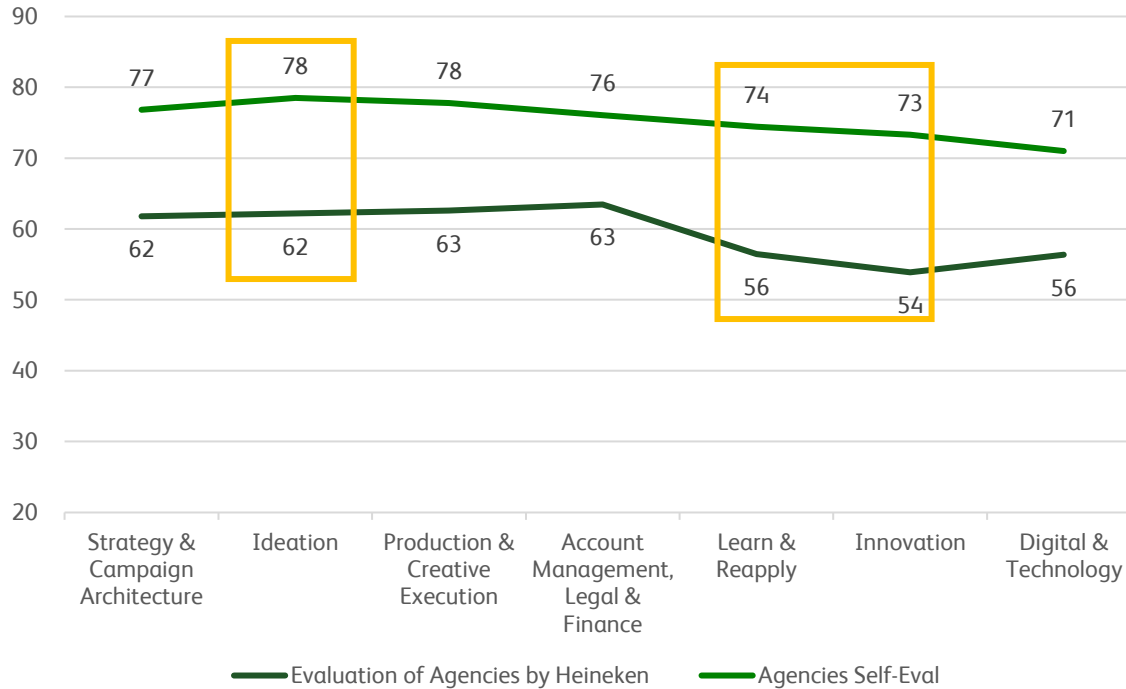
- Agencies tend to **overate** clients
- Average result is **73**
- **Digital & Technology** and **Production & Creative Execution** need improving

HNK Strengths & Weaknesses



Perception Gap*

Agencies are unaware of how average HEINEKEN believes they are



Notes:

- Average Gap of 16
- Biggest Gap for **Innovation and Learn & Reapply**
- Need for **collaboration** with agencies to **close the Gap**

*Agency Self-Assessment of Performance vs HEINEKEN Evaluation of Agencies

Questionnaire detail

HEINEKEN Evaluation of the Agency



| Evaluation - Client on Agency | | | Score | | | | |
|--|---|---|---------------------|------------------------|-------------------------|-------------|----------------|
| Performance Area | KPI Description | Explanation | Unsatisfactory 1 | Needs development 2 | Meets expectations 3 | Strong 4 | Excellent 5 |
| The Agency's ability to work with insights, and build strong strategic plans within the competitive environment. | | | | | | | |
| Strategy and Campaign Architecture | Business Understanding | The Agency demonstrated an in-depth understanding of our business/brands and delivered work that differentiated us from our key competitors. | | | | | |
| | Insights & Planning | The Agency helped distil and build plans using fresh and data driven consumer insights | | | | | |
| The Agency's ability to translate briefs with engaging creative into great output. | | | | | | | |
| Ideation | Quality of work | The Agency's ability to deliver qualitative work that is in line with what was briefed. | | | | | |
| | Originality | The Agency's ability to craft highly original ideas that can answer the marketing jobs to be done. | | | | | |
| The ability of the Agency to faithfully translate the creative plans to assets on-time and on-budget | | | | | | | |
| Production & Creative Execution | Production & Third Parties | The Agency successfully translated the creative plans to assets and delivered world class executions (Where applicable: in partnership with best in-class third parties). | | | | | |
| | Post production | The Agency managed post-production in a pragmatic way, so we produced what was needed. | | | | | |
| | Overall Production Management & Execution | The Agency was responsible for a quality output, efficient production management and optimized cost control. | | | | | |
| The ability of the Agency to offer great Account Management in terms of legal and finance | | | | | | | |
| Finance and Legal | Creativity within the frame | The Agency's ability to propose qualitative work while respecting financial constraints. | | | | | |
| | Return of investment | The Agency's ability to propose financially performant work that impacts the "return on investment" aspect. | | | | | |
| | Finance/Legal/Business Affairs | The Agency worked with strong financial and legal controls to protect the trademark and provide appropriate estimates and accurate and timely invoicing. | | | | | |
| The Agency's performance in importing/applying learnings from other markets or categories, within HEINEKEN or beyond. | | | | | | | |
| Learn & Reapply | Apply Best Practise | The ability of the Agency to quickly apply best practise learnings internally and externally on all campaign development. Proactive development of post-campaign evaluations (where applicable) | | | | | |
| | Local and Global Co-ordination (for Global agencies only) | The Agency provides support for a smooth co-ordination between Global Commerce and Local OpCos. | | | | | |
| The Agency's ability to propose strong/good innovation to Heineken teams. | | | | | | | |
| Innovation | Innovative Work | The Agency's ability to deliver innovative work. | | | | | |
| | Innovative ideas: quickly applicable | The Agency's ability to propose innovative ideas that can be effectively used and have impact in a timely manner on the brand strategy : innovative, quick and agile. | | | | | |
| The Agency's ability to service the account the best way as partner for the team and lead Agency coordinating other agencies effectively. | | | | | | | |
| Account Management | Service & Responsiveness | Effectively managed the stakeholders at all levels. The Agency was collaborative, has a positive attitude and responds to requests in a timely and coordinated manner. | | | | | |
| | Resources | The Agency has committed a high quality of talent to service our business effectively, in line with our scope of work and requirements and manage their staff effectively. | | | | | |
| | Collaboration | The Agency consistently lives up to the lead Agency model through their ability to work pro-actively and collaboratively with other agencies, being open & receptive to sharing ideas and concepts, able to collate and present a unified and cohesive campaign, involving media experts at the right moment etc. | | | | | |
| The Agency's ability to provide strong/good innovation to Heineken teams on digital and be on top of technology | | | | | | | |
| Digital and Technology | Fit for platform and smart production | The concepts & assets really fit-for-platform (incl. mobile-first. The Agency managed the content with smart, dynamic production capabilities in order to make it flexible/agile. | | | | | |
| | IDDM | The agency embraced a genuine IDDM & data-driven approach (insights, media, production) [and is able to showcase to markets (if global agency)]? | | | | | |

Questionnaire detail

Agency Evaluation of HEINEKEN



| Evaluation - Agency on Client | | | Score | | | | |
|-------------------------------------|--|--|----------------|-------------------|--------------------|--------|-----------|
| Header | KPI Description | Explanation | Unsatisfactory | Needs development | Meets expectations | Strong | Excellent |
| | | | 1 | 2 | 3 | 4 | 5 |
| Strategy and Campaign Architecture | HEINEKEN's contribution to consolidating insights and ensuring that strong strategic plans were built | | | | | | |
| | Business Understanding | HEINEKEN invests time in briefing the agency on business/brands and strategies that differentiate from key competitors. | | | | | |
| | Insights & Planning | HEINEKEN recognizes and acknowledges the agency's contribution to a strong strategy. | | | | | |
| Ideation | HEINEKEN's ability to recognize engaging creative into great output. | | | | | | |
| | Quality of work | HEINEKEN shares ownership of the ideas presented | | | | | |
| | Originality | HEINEKEN encourages highly original ideas that can answer the marketing jobs to be done. | | | | | |
| Production & Creative Execution | HEINEKEN's ability to encourage creative plans to assets on-time and on-budget | | | | | | |
| | Production & Third Parties | HEINEKEN is supportive in translating creative plans in assets and world class executions (when applicable including our partnership with third parties) | | | | | |
| | Overall Production Management & Execution | HEINEKEN is efficient at signing off quality output and production budgets. | | | | | |
| Account management, Legal & Finance | HEINEKEN's ability to work with Agency's Account Management in terms of service and finance | | | | | | |
| | Service & Responsiveness | HEINEKEN is able to manage agency stakeholders at all levels with a collaborative, positive attitude. | | | | | |
| | Finance/Legal/Business Affairs | HEINEKEN provided consistent information and feedback on legal controls, scope of work and budgets. | | | | | |
| Learn & Reapply | HEINEKEN's support in importing and applying Innovation learnings from other markets or categories, within HEINEKEN or beyond. | | | | | | |
| | Apply Best Practise | HEINEKEN collaborates with the agency in managing the process of global approval efficiently. | | | | | |
| | Local and Global Co-ordination | HEINEKEN provides support for a smooth co-ordination between Global Commerce and local OpCos. | | | | | |
| Digital and Technology | Heineken's ability to provide strong/good innovation to Heineken teams on digital and be on top of technology | | | | | | |
| | IDDM | The ability to embrace and deliver personalized creatives according to IDDM HK guidelines | | | | | |



HEINEKEN
GLOBAL
PROCUREMENT