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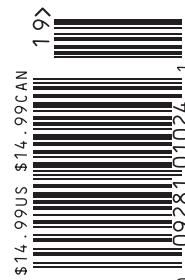
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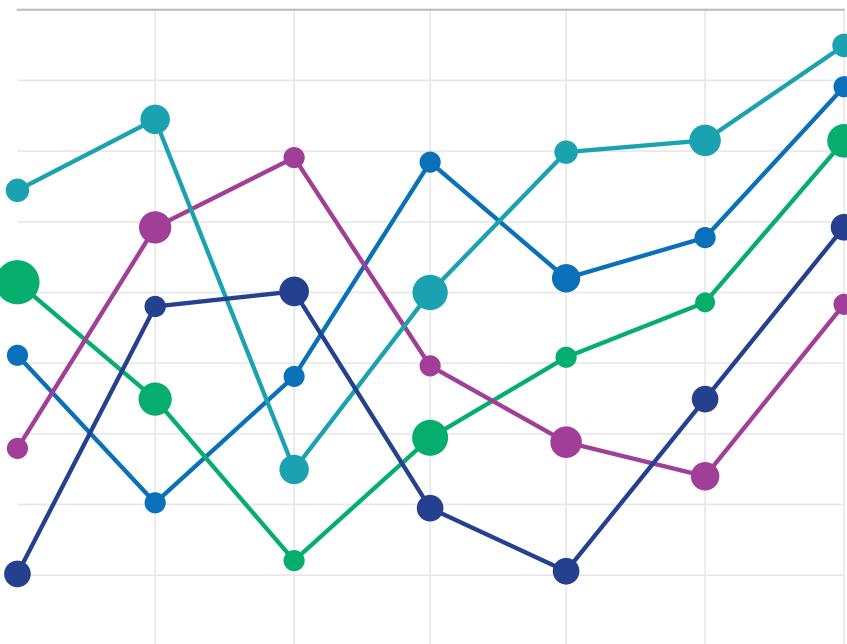
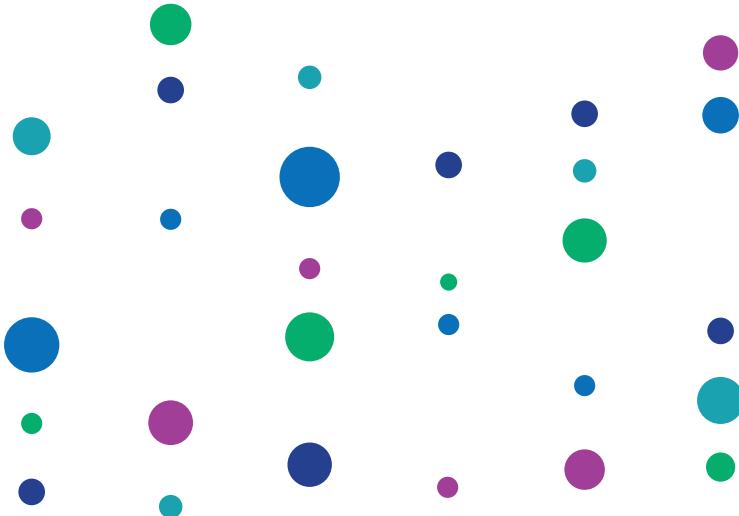
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**MARKETERS
SEEK ANSWERS
BEYOND
ADVERTISING**

What to expect as CMOs descend on Orlando for the industry's biggest confab

By E.J. Schultz
and Jack Neff

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**BUDGETING
IN UNCERTAIN TIMES**

What to consider when planning your spend for a potentially rocky year

By Jessica Wohl

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CAMPAIGN TRAIL

Political ad spending has hit \$148 million, and the election is still more than a year out

By Ad Age Datacenter

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**D-TO-C GETS
CONVENTIONAL**

As traditional marketers adopt techniques of scrappy rivals, d-to-c upstarts take on more traditional tactics

By Jack Neff and
Adrienne Pasquarelli

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News

OMNICOM CUTS TIES WITH E-CIGARETTE MAKER JUUL

DDB had worked with the brand for about a year

By E.J. Schultz



Into thin air: Juul suspended all U.S. advertising.

Omnicom Group has ended its relationship with embattled e-cigarette maker Juul Labs, according to a person with direct knowledge of the matter. The move comes amid a growing backlash over vaping, which has been blamed for a mysterious lung injury causing hundreds of cases of illness and 12 deaths.

Omnicom representatives declined comment. Juul did not respond to a request for comment about its agency situation.

Juul last Wednesday announced it would suspend all broadcast, print and digital advertising in the U.S. and also refrain from lobbying the Trump

administration over its proposed vaping restrictions, which includes a ban on flavored e-cigarettes. Juul also announced former Altria Group executive K.C. Crosthwaite as its new CEO, replacing Kevin Burns.

Omnicom's DDB began working for Juul about a year ago, with media buying handled by Omnicom Media Group, according to people familiar with the matter. Questionable influencer marketing practices cited by congressional investigators occurred before DDB came on board.

DDB's work began airing around December and includes testimonials from Juul users. Juul last ran TV ads

Sept. 26, according to ad-tracking service iSpot.

The Centers for Disease Control and Prevention last Friday reported 805 cases of lung injuries related to vaping across 46 states, including 12 deaths. The CDC notes that "no single product or substance has been linked to all lung injury cases."

But Juul has taken the brunt of the negative publicity, with regulators targeting the company for its marketing practices. The U.S. Food and Drug Administration in September warned Juul that it was improperly marketing its products as less risky than traditional tobacco products without

gaining necessary approvals to do so.

The Federal Trade Commission has opened an investigation into Juul over potential deceptive marketing, including using influencers to target minors, according to a report in late August by The Wall Street Journal. In a statement to Ad Age in August, Juul said it had "never marketed to youth."

But the company expressed regret at the time that its first marketing campaign in 2015, while targeted to 25-to 34-year-olds, "was executed in a way that was perceived as appealing to minors." The social media campaign, called "Vaporized," was created by an internal team and two ad firms, Brooklyn-based Grit Creative Group and Canadian-based firm Cult Collective.

Grit's 2015 work included identifying 280 influencers in New York and Los Angeles to "seed Juul product" over three months, according to documents released in July by a subcommittee of the House of Representatives Committee on Oversight and Reform as part of an investigation into the youth e-cigarette epidemic.

Grit, in a statement to Ad Age last Friday, said: "When Grit was hired by Juul to assist in its launch, our mandate in any marketing efforts was to engage with 'existing smokers only' and only individuals 24 years of age and older. Grit was diligent in adhering to these guidelines. This was from the very beginning." AA

Inside This Issue

CRUISING ALONG WITH CLARKSON

Kelly Clarkson on her Norwegian Cruise Lines deal, her new TV talk show and why she is "marketing's worst nightmare."



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BAD NEWS FOR APPS THAT TRACK

Apple's latest iOS13 software update will make it harder for apps to track nearly half of all smartphone users in the U.S.

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GILLETTE OUTLASTS RIGHT-WING CRITICS

After doubling down on its anti-toxic masculinity campaign, Gillette has delivered strong second-quarter sales growth.

Page 24

LIKE SMOKING, LIKE SKYDIVING

In a 1972 Life magazine Benson & Hedges 100's ad, smokers plummet from a plane. At times, The Good Life notes, an ad can be too truthful for its own good.

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FIVE TAKEAWAYS FROM ADVERTISING WEEK NEW YORK

From free tacos to the future of the industry, here's what people have been talking about

By I-Hsien Sherwood

Advertising Week New York is over, and four days felt as interminable as Snapchat's new video ad formats. If you skipped the conference or couldn't be bothered to fight your way through crosstown traffic, here's what people were talking about.

Gloom and cume

Onstage, things were made to sound bleak. S4 Capital Executive Chairman Martin Sorrell predicted holding companies will break up and consolidate (while pointedly insisting his company isn't a holdco), and executives from Facebook and GroupM discussed how a long-awaited cross-platform standard for measuring video audiences can't be implemented until the industry invents new tracking technology. Publicis Groupe CEO Arthur Sadoun defended declining organic revenues and promised his network would integrate Epsilon, the data-tech platform it acquired this summer for \$4 billion, more smoothly than it did with Sapient.

She Runs It released a report showing a decline in women at the executive level of the industry. Not just a stubborn lack of progress—an actual year-over-year decline. And Time's Up says that at current rates, black women will achieve pay parity with men in 100 years. Latina women will need to wait another century after that. There isn't even enough data to extrapolate a date for Native American women, but Time's Up's best guess is 250 years.

And in perhaps the greatest harbinger of doom all week, Fox News held an un-ironic panel celebrating the popularity of news



S4 Capital Executive Chairman Martin Sorrell predicted that holding companies, a majority of whose revenue is generated by shrinking "legacy" media and creative advertising, will eventually be "broken up" and consolidated.

called "Politics as Pop Culture: How the News Has Become the New Must-See TV and What to Know Heading Into 2020."

Panel packers

Every moderator knows five panelists is too many for an informative or nuanced conversation, but many sessions arrayed a half-dozen people on stage. Sure, speakers get free badges and earned media, but audiences miss out when there's too much crosstalk.

Of course, little real news breaks at industry conferences. Panel after panel highlighting old case studies starts to feel like the "In Memoriam" reel at the Academy Awards. "Wait, that was this year?" Workshop sessions offered the best educational value. The small spaces facilitated discussion and, with only one or two presenters, there was time and opportunity for frank Q&A.

Stunt castings peppered the

programming, with celebrities including Gwyneth Paltrow, Joseph Gordon-Levitt and Trevor Noah making appearances to pitch TV shows or brand partnerships as the conference continues its slow expansion into entertainment.

The usual suspects also grabbed plenty of face time. VaynerMedia CEO Gary Vaynerchuk offered a poorly received hot take about the benefits of working for free, and in a rare takeback, Sorrell admitted he might have been wrong when he called Amazon and Google "frenemies" of the ad industry a decade ago.

Purpose isn't enough

At every industry event you'll hear calls for more purpose-driven content, but this time, McCann Worldgroup CEO Harris Diamond and MDC Chairman-CEO Mark Penn disagreed about how much brands should weigh in on heavy topics like politics. Penn, a former political

consultant, urged caution (See Story, P. 8), but Diamond insisted consumers are demanding to know where their brands stand on issues.

Sometimes those demands turn into action.

Time's Up noted that Nike was forced to grant 18 months pay to female athletes during pregnancy and after birth following a public outcry about the disconnect between the brand's treatment of those women and its marketing, which features a pregnant and parenting Serena Williams.

Meanwhile, Jeff Goodby admonished his audience of marketers for collecting and selling data in the first place. Flanked by Cambridge Analytica whistle-blower Brittany Kaiser, the Goodby, Silverstein & Partners co-founder blamed Russian election intervention on carelessly handled consumer data.

Let's all go to the lobby

If this year's conference seemed crowded, that's because it was. Nearly 100,000 people crammed into the AMC Loews Lincoln Square, where the bulk of panels were held. If you ever wanted to hear Burger King Chief Marketing Officer Fernando Mach-

ado speak in the same room where people watched the "Downton Abbey" movie—and leave feeling similarly conflicted about the service industry—this was your chance.

Manhattan movie theaters aren't known for quality infrastructure, so attendees jammed escalators (which broke more than once), snaked up the stairs and queued in front of the concession stand.

Disorganization added to the confusion, and it often wasn't clear which lines led to which panels. More than one grumpy marketer missed a panel when it was moved to another floor without notice.

The longest lines, though, were outside. An Ampersand food truck gave away free tacos all week, creating a permanent column of hungry people who threatened to block the sidewalk. Quad's ice cream truck also served up free scoops with alternately cute or confusing names. Chief Strawberry Officer? (Too C-suite for some tastes.)

On Thursday, Facebook upped the ante and brought actual "unadoptable" dogs to promote its Stories video diaries, encouraging people to take a pupper home. And in a head-scratching move, Adobe was

Young voters have “spent their entire lives interacting with platforms that are listening very carefully to the signals that they're sending out.”

Lydia Polgreen, HuffPost editor-in-chief

giving away packs of Pogs. Yes, the collectible milk caps from the '90s.

Entry-level employees say the darndest things

The future of the industry turned out at Advertising Week. It's much cheaper to send young employees to a local event than, say, Cannes, and attendees under 30 were eligible for discounted badges. It's also a much more diverse crowd than typical industry events. (Cannes looked like a death shroud in comparison.) The challenge, for agencies in particular, is to keep them from burning out or leaving due to career frustrations or microaggressions.

Young attendees are also vocal with their opinions, and they have a lot of them. "I'm going to email that CMO and tell them what I think," was a common refrain in the halls after panels.

Onstage, HuffPost Editor-in-Chief Lydia Polgreen noted that young voters are "used to being listened to, because they've spent their entire lives interacting with platforms that are listening very carefully to the signals that they're sending out." Marketers would do well to remember that it applies to their workforce, too. **AA**

Clockwise from top left: Jeff Goodby, Cambridge Analytica whistle-blower Brittany Kaiser, director Jehane Noujaim, producer Geralyn Dreyfous and director Karim Amer discussed data, privacy and Russian intervention; Jay Sethi, CMO, Diageo Beer Company and VP, Smirnoff, and Emmy-winning actress Laverne Cox explored the importance of brand inclusivity; a scene from Facebook's puppy giveaway, and conference attendees snaking up the stairs.



SHOULD
STORIES
ONLY BE IN
THE HANDS OF
SOCIAL AGENCIES?

NO WAY SOUNDS GOOD

WILL A
COUPLE OF
18-YEAR-OLDS
START THE
FIRST *STORIES*
AGENCY IN
PHUKET?

ALREADY HAVE GOOD LUCK WITH THAT

WILL
THE NEXT
CHAPTER OF
ADVERTISING
BE WRITTEN
IN *Stories*?

YES NO

SHOULD
AN AGENCY
REEL LEAD
WITH
Stories?

MAYBE SO NOT OURS

WILL YOUR
NEXT RFP
ASK FOR YOUR
STORIES
STRATEGY?

JUST DID NOT YET

DOES
CONTENT
THAT'S ONLY
AROUND
FOR A DAY
REALLY NEED
A SCRIPT?

YEP NOPE

SHOULD
CLIENTS MAKE
ALL THEIR
STORIES
IN-HOUSE?

DON'T LOVE
THIS MAKES GOOD
SENSE

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The Who, What, Where and When Around Adland



Advertising Week New York 2019

Advertising Week New York 2019 kicked off **Day 1** with 1. an "iconic" ribbon cutting ceremony. 2. "The Future of TV Is Now" panel with Garrett Sloane, Ad Age; Jonathan Steuer, Omnicom Media Group; Alison Levin, Roku; Mike Law, Amplifi US; and Jessica Hogue, Innovid. 3. "The Future of Programmatic" was moderated by Ad Age's Brian Braiker with Nicolas Bidon, Xaxis; the 4A's Marla Kaplowitz; Marc Mallett, The Walt Disney Co.; and Jon Mansell, WarnerMedia. 4. TLC sings at "Future Is Female" opening concert. On **Day 2** the festivities continued with 5. "Internal Incubators—Reinventing the Heritage Brand," discussed by Brian Braiker; David VanderWaal, LG Electronics; Christina Ferzli, Ocean Spray; and Dhanusha Sivajee, The Knot Worldwide. 6. Guru Gowrappan, Verizon Media; Serena Williams, champion tennis athlete and entrepreneur; and Julia Boorstin, CNBC, discussed "Stepping Outside of the Arena." 7. Burger King's Fernando Machado shared some of the principles on how to develop work that truly stands out. 8. "Inside the Zeitgeist: Conversations Shaping Culture," with Amanda Butler, Spotify; God-is Rivera, Twitter; Jim Issokso, Mastercard; and Lisa Cowie, Twitter. **Day 3** saw 9. Iman, who is marketing a line of cosmetics, skincare and fragrances, present "Giving Voice to the Silenced: Stories From the Frontline of Conflict." 10. A panel on "Rethinking TV" with S4 Capital's Martin Sorrell; Deborah Wahl, General Motors; and Beth-Ann Eason, Innovid. 11. "Listen Up" with Gayle Trotberman, iHeartMedia, and "The Tonight Show" musician Questlove. 12. Volunteers chill out at the AW Networking Happy Hour. Even on **Day 4**, the event was going strong with 13. Jeff Collins, Fox News Media, along with FNC anchors Bret Baier, Martha MacCallum and Chris Wallace discussing "Politics as Pop Culture." 14. Harry Kargman, Kargo, joined Goop's Gwyneth Paltrow to discuss "How Do You Stand Out From the Crowd?" 15. Pitbull closed out with the AWNewYork Wrap Party at Webster Hall.



Ad Age and Roundel celebrate Advertising Week with a VIP dinner at Per Se

Ad Age and Roundel held an exclusive, invite-only dinner to kick off Advertising Week New York and network with fellow leaders from the marketing, digital and advertising industries. From left: Amy Choyne, USTA, with Josh Golden, Ad Age and Courtney Harwood, Xerox. Anita Valdes, Red Fuse Communications, chats with Lori O'Neal, Roundel. Jamie Schwab of Newell Brands with O'Neal. Roundel's Greg Koerner and Unilever's Kevin Flagg. Photo at far right: Kristi Argyilan, president of Roundel, gives opening remarks.

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MARK PENN, SIX MONTHS IN AT MDC

Checking in on the managing partner of Stagwell Group a half-year into his CEO gig at the holding company

By Brian Braiker

Mark Penn can be polarizing. The president and managing partner of Stagwell Group brings with him a big résumé and a big personality. He raised industry eyebrows six months ago when he plonked \$100 million into the flailing agency holding company MDC Partners. Under the terms of the investment he would become chairman and CEO of MDC, which includes agencies Anomaly, 72andSunny, CPB, Doner, The Media Kitchen and more. Previously, the word on MDC had been that the sum was never quite as great as some of its constituent parts. So what was in it for Penn?

"I said to myself, 'What would the holding company of the future look like and what would it have to have?'" Penn says in a wide-ranging conversation on the "Ad Lib" podcast.

In teaming the creative assets at MDC with the tech and data flywheel at Stagwell, he says, he could see a way toward scale "and also manage costs the way they are at the other competitive holding companies.... There are five Droga5s sitting inside MDC, and that's what makes it an incredibly exciting place."

A former chief executive of WPP's Burson-Marsteller, Penn was also a co-founder of Penn Schoen Berland, a global market research firm. He has held senior corporate positions at Microsoft and has served as a senior adviser to corporate and political leaders including Bill Gates and Steve Ballmer, UK Prime Minister Tony Blair, Senator Hillary Rodham Clinton and President Bill Clinton.



Mark Penn says MDC shops are now collaborating on pitches: "We are learning we can get to be a true holding company by working together."

A new kind of collaboration

Penn has been vocal about cutting operating costs and making MDC more collaborative across its holdings, which had previously operated independently and not without some defiance. Toward that end, in July MDC Partners announced it was integrating media agency Assembly into a new network with Gale Partners that combines media, technology and data. Also pulled into the network were agencies EnPlay, Unique Influence, Varick and Trade X Partners.

"We are in the process of bringing together a really effective offering that will put together state-of-the-art data analysis, CRM and media buying," he says. "The advantages of bringing those together will make them very competitive in the marketplace and a marketplace looking for data and creativity at its core."

It's a model Penn plans to replicate throughout the holding company, though he says he is aware there are individual shops that will need to retain their individuality—and there are agency founders in the holding company approaching their earn-outs.

"My strategy with the founders: Give them a bigger job; give them a bigger future at MDC. You want to keep the founders in terms of growing the culture," he says. "Smaller specialty companies who felt somewhat adrift, now they can be part of an organization that's going to do more efficient marketing and help us get more clients in a way that MDC wasn't doing.... My goal here is that there's a class of contracts that individually these agencies, no matter how great their creativity, are not able to bid on. Companies with lesser creativity, lesser data operations, are scooping up because they're slightly bigger at scale."

Case in point: MDC is in a cross-holding-company pitch for Kimberly-Clark led by 72andSunny, the first of its kind for the company. "It turned out no one had ever really done an MDC pitch before," says Penn. "Win or lose, we are learning we can get to be a true holding company by working together."

Talking politics

When he's not at either Stagwell or MDC offices, the former political advisor hasn't been shy about offering commentary on Fox News in recent months—in surprising defense of President Trump. A few executives at his agencies have groused privately and wondered to what extent he might be on the current administration's payroll. When asked directly if he's actively providing counsel to the president or any candidate currently declared for the 2020 election, he says, emphatically, no.

"I did a little commentary because I spent some time—a year of my life—defending President Clinton on impeachment," he says. "I'm pretty busy now. My commentary is trending down."

The "Ad Lib" interview was conducted hours before House Speaker Nancy Pelosi announced a formal impeachment inquiry into the president last week, so Penn doesn't go there. But he does explain how managing a business is like running a political campaign.

"You need to have five things: A slogan people can remember; you need to have a bio, people need to know who you are; you need to have a target; you need to have issues; you need to have a pushback against the competition," he says of running a political campaign. "I don't think it's any different running a business." **AA**

Greenwood rises at R/GA
R/GA's Jess Greenwood has been promoted to global chief marketing officer at the agency. She previously served as U.S. co-chief of strategy alongside Tom Morton, who will continue in the role solo, at least for now. Greenwood first joined R/GA in 2012 as director of business strategy, and left in 2014 to work in Google Creative Partnership's strategy department before returning to the Interpublic Group of Cos. agency nine months later.

GMA gets a makeover
Following the exodus of some of the nation's largest food marketers, including Hershey Co., Mars and Tyson, the Grocery Manufacturers Association is renaming itself the Consumer Brands Association. The trade group's rebrand takes effect in January. The name change is part of an overhaul being led by Geoff Freeman, who joined GMA as president and CEO in August 2018, and its board of directors. Some of the departing companies left over disagreements with the group's policy direction.



Gibbs to leave McDonald's
Executive VP and Global Chief Communications Officer Robert Gibbs plans to leave McDonald's in mid-October after four years. McDonald's didn't say where Gibbs is headed. He has a history in politics, including two years as White House press secretary for President Barack Obama. McDonald's is not filling his position but did expand the roles of Dave Tovar and Michael Gonda, two communications VPs hired earlier this year.

Maguire hops to Havas
Following a decade-long run at Grey London, the agency's chief creative officer, Vicki Maguire, will be taking the creative reins at Havas London. Maguire joined Grey in 2009, following stints at notable shops around the globe including Australia's Mojo, Wieden & Kennedy and Amsterdam International. At Grey, Maguire helped conceive notable campaigns such as the award-winning "Hands Only CPR" effort starring Vinnie Jones—the shop's first Gold Cannes Lion winner.

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TV AND RADIO ELECTION AD SPENDING TOTALS \$148 MILLION SO FAR

Mostly by inevitable losers

By Simon Dumenco
and Kevin Brown

For a tangible sense of just a portion of the cost of the ridiculously drawn-out, outrageously wasteful U.S. election-industrial complex, take a look at the exclusive charts herewith, produced by Ad Age Datacenter in partnership with Kantar/CMAG.

For starters, glance at our presidential campaign TV and radio ad-spending tally. At the tippy top, there's Tom Steyer. If your reaction is "Who?" you're with the vast majority of Americans—but props if you know he's a California hedge fund billionaire on a quixotic quest. Steyer spent nearly \$19.6 million on ads (through Sept. 23) trying to buy his way onto the Democratic debate stages; he failed, of course, repeatedly having fallen short of the minimum polling thresholds needed to qualify.

But he's still plugging away—and he also pops up again in our ranking as the man-behind-the-curtain at No. 4, since he's the backer of the Need to Impeach campaign, which is basically the anybody-but-Trump ticket.

The second-biggest spender is someone who did actually manage a little face time on the debate stages (at least the first two)—Kirsten Gillibrand, the junior U.S. senator from New York. But her marginal polling softened to

the point that she failed to qualify for the third Democratic debate, and she dropped her presidential bid in late August, after having spent \$1.6 million on ads to win exactly zero votes.

Among those who are expected to secure some votes along the way—i.e., the subset of contenders who could last until the primaries—is former Vice President Joe Biden, who has spent \$688,373 on ads so far. (Of note: Spending by Biden and the other candidates includes advance bookings through 2020, as of Sept. 23.) But with his assorted gaffes and foggy debate performances, Biden has already arguably negated the branding and goodwill value of those buys elsewhere on the campaign trail, giving the senior U.S. senator from Massachusetts, Elizabeth Warren, an opening to challenge his front-runner status with, so far, no spending on TV and radio ads.

Meanwhile, one of the top 10 spenders (to the tune of \$617,738) in the presidential race is a non-candidate, a private citizen named Shirley Shawe who's been paying to air anti-Biden ads over a disagreement she has with him related to the Delaware Chancery Court system (don't ask).

Have we mentioned that we're still more than a year away from Election

Day? Also, these numbers exclude digital ad spending (more on that in a bit).

Of course, given that there's only one job up for grabs here (or two, if you count the VP on the ticket), a list this early in the game is by definition mostly made up of (inevitable) losers.

Shift your view to our overall spending-by-party chart, and at least we're talking about ad outlays with better odds, given the dozens of gubernatorial and hundreds of congressional seats in play. Datacenter analysis shows that at the moment Republicans are outspending Democrats on TV and radio ads across non-presidential federal-level races. The biggest sums of money being spent so far are for gubernatorial races, with Republicans burning through \$31 million and Dems \$26 million.

And in a category of its own in terms of spending (\$26.9 million): The secretive advocacy group Doctor Patient Unity, which has been running ads in North Carolina, Georgia and elsewhere that take on individual senators (primarily) over "surprise [medical] billing." Conglomerates TeamHealth and Envision Healthcare are funding the blitz, The New York Times revealed earlier this month.

All told, across federal-level and

Ad spending totals by race

Dollars in millions.

#	Race	Ad spending
1	U.S. president	\$30.4
2	Louisiana governor	26.2
3	Kentucky governor	23.7
4	North Carolina U.S. House seats	17.4
5	North Carolina U.S. Senate	8.9
6	Mississippi governor	6.6
7	Arizona U.S. Senate	4.0
8	Georgia U.S. Senate	3.8
9	Iowa U.S. Senate	3.6
10	Kentucky U.S. Senate	3.5
	Other	20.2
	Total¹	\$148.2

Source: Kantar/CMAG. Spending includes broadcast TV, local/regional cable and satellite TV, radio and Spanish-language local TV from Jan. 1, 2019, through Election Day (including advance bookings) as of Sept. 23, 2019. Numbers rounded. 1. For presidential, gubernatorial, U.S. Senate and U.S. House races.

Ad spending totals by presidential campaign candidate or sponsor

Dollars in millions.

#	Candidate/sponsor (party affiliation)	Ad spending
1	Tom Steyer (D)	\$19.6
2	Kirsten Gillibrand (D)	1.6
3	Judicial Crisis Network (R)	1.2
4	Need to Impeach (D)	1.2
5	Tulsi Gabbard (D)	0.9
6	Pete Buttigieg (D)	0.9
7	Presidential Coalition (R)	0.8
8	Joe Biden (D)	0.7
9	John Delaney (D)	0.6
10	Shirley Shawe (anti-Biden)	0.6
	Other	2.2
	Total	\$30.4

Source: Kantar/CMAG. Spending includes broadcast TV, local/regional cable and satellite TV, radio and Spanish-language local TV from Jan. 1, 2019, through Election Day (including advance bookings) as of Sept. 23, 2019. Numbers rounded. Includes spending for candidates who may have dropped out of the race.

Doctor Patient Unity ad spending

Totals by state. Dollars in millions.

#	State	Ad spending
1	North Carolina	\$3.9
2	Georgia	3.8
3	Michigan	2.5
4	Arizona	2.5
5	Colorado	2.2
6	Minnesota	2.1
7	New Hampshire	1.9
8	Kentucky	1.9
9	Texas	1.6
10	Iowa	1.5
	Other	3.0
	Total	\$26.9

Source: Kantar/CMAG. Spending includes broadcast TV, local/regional cable and satellite TV, radio and Spanish-language local TV from Jan. 1, 2019, through Election Day (including advance bookings) as of Sept. 23, 2019. Numbers rounded.

Campaign 2020 ad spending

Race and party totals. Dollars in millions.

Race	Democrat	Republican	Other ¹	Total
President	\$27	\$2	\$1	\$30
U.S. Senate	4	7	30	41
U.S. House	8	10	2	20
Governor	26	31	0	57
Total	\$65	\$51	\$32	\$148
Percent of total	43.9%	34.6%	21.6%	100.0%

Source: Kantar/CMAG. Spending includes broadcast TV, local/regional cable and satellite TV, radio and Spanish-language local TV from Jan. 1, 2019, through Election Day (including advance bookings) as of Sept. 23, 2019.
Numbers rounded. 1. Largely attributable to spending by Doctor Patient Unity.

gubernatorial races we're looking at \$148 million spent so far on TV and radio ads in the current cycle.

Now a word about digital campaign ad spending. Though it's expected to rise once again in this cycle—stay tuned to Campaign Trail in print and at AdAge.com/CampaignTrail

for data on that front—Kantar/CMAG projects that it will still top out at only about 20 percent of overall spending.

So once again the real winners of this cycle will mostly be good old-fashioned media companies. Kantar/CMAG expects TV broadcasters to pull in \$3.2 billion, cable \$1.2 billion

and radio \$400 million from candidates and their campaigns.

For non-political marketers, that's really bad news—because it means less inventory and higher prices, particularly in battleground states.

For media consumers who will endure billions of dollars' worth of

(inevitably, increasingly negative) ads, it's downright depressing. **AA**

Ad Age Datacenter is Kevin Brown, Bradley Johnson and Catherine Wolf.



Thank you
BARTON F. GRAF

Q&AA: THE TALKER

Kelly Clarkson on her new TV show, the right way to partner with brands, and why she's 'marketing's worst nightmare'

By Judann Pollack

Illustration by John Jay Cabuay

Kelly Clarkson's NBCUniversal talk show, launched this month, rocketed out of the gate with the highest-rated premiere in seven years. With 2.16 million viewers and a 1.6 household rating, according to Nielsen, it clocked in fourth among first-run syndicated shows in the talk-show genre. The "Kelly Clarkson Show" has also proven a draw for Norwegian Cruise Lines, which signed the singer to a three-year deal that gives it plenty of exposure with integrations within the program. As part of the pact, Clarkson has become the "godmother" of its newest ship, Encore, which she will christen November 21 in Miami. The interview is lightly edited.

The talk show had a strong debut.

How does it feel to do?

I'm loving it. My husband asked me to do the show a couple of times and I was like, "No. This is not going to go well," and I'm really glad he convinced me. It's a lot of work, but it's a lot of fun.

What was it about Norwegian that made you want to partner with them?

I thought it would be an awesome thing, I have a big family and we like to take vacations together. Also it's good with my show. [I'm giving away cruises] to hardworking teachers or parents that don't get a break. It's something to surprise people on the show. It was a good fit.

You gave seven-day cruises to the whole audience on "The Ellen DeGeneres Show," right?

I felt like fricking Oprah. Not everyone got a car, but they all got a cruise. That's the cool thing about Norwegian, I asked if they minded if I gave away a cruise and they were like, "How about giving one to the whole audience?" But I felt bad. I went from that show to the taping of another show and I gave away something else

[much smaller]. It was not a cruise. I felt so bad I was like, "You should have been at 'Ellen.'"

As an artist, how do you think about collaborating with brands? It used to be seen as selling out.

People take this way too seriously. I've been in a room with some artists and they are like, "I'm not doing that. That is totally not cool." And I'm like, "What?" It was some little thing [they were being asked to do]. It was nothing. I said, "What are we talking about here? No one in this room is John Lennon and I need someone to know that." I think people do take themselves too seriously, but I also think that you shouldn't be a part of something unless you are really into it.

Meaning that you use the brand?

I've been asked to do stuff that I'm not into. I'm not a soda person, I don't drink soda. It's not really my thing. So I ended up doing a water deal. When labels and managers talk artists into doing something that they don't want to do because it doesn't go with them, people are going to see right through it. It's going to be transparent. As long as you're into it, it will work. As long as it's natural.

Have you evolved since "American Idol"?

I have progressed, obviously—one hopes—as an adult, but I'm not really different. I know it sounds like such a cliché thing that famous people say, but believe me when I say I don't care about being famous. I don't. I really enjoy my life. I feel really blessed. I recently turned 37 and I told myself I was going to say yes to things I normally say no to. And it was because of someone passing away in my life. I've got to seize the day. You know that you have to step outside your comfort zone because you only have your comfort zone for so long.



Speaking of comfort zones, what do you like the most? Singing, acting?

I 100 percent hate acting. So that will never be the answer. Oh my God, I hate acting. I was forced into absolutely everything you see me do. I was shamed or blackmailed.

What is your media diet like?

With four children, it all consists of kids stuff. I'm really trying to teach the little ones how to read ... "Diary of a Wimpy" kid, that kind of stuff. I have to read the books with them to make sure they are actually reading them! Someone sent me a book that will be released soon on Meryl Streep, I'm reading that because I'm a huge fan. In the watching department, I recently got addicted to this show "Lucifer," which has been around awhile. I'm really late, I never have time to watch anything. I also recently started watching "The West Wing" 'cause it came out on iTunes and I love that show. I was obsessed with it.

What advice would you have for people starting out?

Run. I'm just kidding. I always say this to everyone who I come in contact with who asks: "Do you have really good peo-

ple around you?" Life will suck unless you really surround you with people you like. It's a really hard business—not just this business, any business, whether you're a writer, a teacher, whatever. You have to surround yourself with good people. You can be No. 1 in the world and the top of your game and be the saddest person on the planet.

This issue of Ad Age goes to the Association of National Advertisers, where you performed last year.

What do you think about when you think about marketing?

Julie Greenwald—she runs my label—is a marketing genius. It is scary how good she is. When you get around people who are so good and know your product, it is incredible to watch them. I'm like a marketer's worst nightmare. I never do what someone wants to me to do. I just do what I want to do and people are going to like it or not. My previous label said "You can't say that," and I'm like, "I did, though." AA

Technically Speaking

APPLE CRIPPLES LOCATION-BASED VENDORS WITH LATEST UPDATE

Why prices for location data might soon go up

By George P. Slefo

After taking on companies that track consumers all over the web, Apple has now set its sights on app publishers that track consumers all over the real world. In mid-September Apple released iOS 13, which is a software update offering new features and improvements. Among those changes: It asks users if they want to opt-in to share their location with app makers.

The iOS 13 update, for instance, will ask users if they want to allow an app publisher Bluetooth access. Although most people associate Bluetooth with sound, it can also determine a person's location through various means, such as planting beacons at car dealerships, malls or stores. Open the Best Buy app, for example, and a prompt from Apple will display: "Best Buy would like to use Bluetooth. This will allow Best Buy to find and connect to Bluetooth accessories. This app may also use Bluetooth to know when you're nearby."

In the example above, the user might question why Best Buy needs Bluetooth access and deny the retailer permission to access that data altogether. Apple's software update also

prevents other methods app publishers use to track consumers. For instance, companies could previously learn a user's location if they walked by a public WiFi hotspot. With Apple's update, they can no longer can.

Apple's iOS operating system has a 48 percent market share in the U.S., according to Amazon-owned Statista. Thus, the company's latest update makes it significantly harder to track nearly half of all smartphone users. Apple did not return requests for comment by press time.

What it means for marketers

Apple's update isn't necessarily aimed at legitimate retailers such as Best Buy, but it does target app publishers that capture user location data through questionable means.

"Wallpaper apps, mobile games, a flashlight app, ringtones—these are apps where users might not have known that their locations were being collected in the first place," says Joshua Anton, founder and CEO of data location services company X-Mode. "Apple's latest update is going to have a bigger effect on those folks."

Apple's update is designed to weed out sketchy publishers that don't have a legitimate use case for collecting someone's location data. A weather- or fitness-related app, for example, likely won't have a problem obtaining someone's permission simply because it makes sense to allow it, says Anton.

But Apple's update will affect retailers because of their frequent use of location-based data for marketing purposes. It will also cause headaches for so-called attribution vendors, which use location data to determine whether someone went into a store to make a purchase. But if Apple's update causes fewer people to share their data, then the pool of available location data will shrink, leading to higher prices for marketers that want to obtain it.

While the amount of location-based data will decrease, the quali-

ty of what's available will increase, Anton says. "Retailers are going to get less data and there's going to be some shell shock at first," Anton says, "But the quality of location data will be higher so, in theory, they'll see a greater return on their ad spend."

Who wins?

The move might also strengthen the position of companies such as X-Mode, which get users' permission to collect location data by plugging into various apps that have legitimate use cases for capturing location. The company, for example, has an earthquake alert app, making it more likely that a user would be willing to share their location. Others, such as Foursquare, gather location data through owned-and-operated consumer apps such as City Guide, Swarm and Placed.

Apple's latest update also doesn't give app makers an opportunity to explain the benefits, or so-called "value exchange," in sharing location data, says Keith Soljacich, VP of experiential technology at Digitas North America.

"Any time you ask a consumer or shopper for a piece of data, they have to understand the value exchange, but the way it is going out with iOS 13, these notifications are popping up and asking for permission without any context or value exchange," Soljacich says. "I would love if Apple's new update would at least give me a chance to explain what sort of experiences giving this data will provide."

Beware of work-arounds

When Apple killed the cookie through its Safari "Intelligent Tracking Prevention" feature, many companies such as Google, Facebook and Criteo created workarounds to negate the feature and continue to track consumer browser behavior. Apple pushed back, and each iteration of ITP has thwarted previous workarounds.

Given Apple's history, making a

workaround for Apple's attempt to block location-based data collection isn't advised, says Josh Cohen, VP of product at Foursquare. "Our recommendation is to not use this as an opportunity to find a workaround," he says. "Apple is enforcing app and location providers to be more transparent."

Working with reputable location-based vendors and asking how their data is gathered is one option marketers have to navigate the Apple's iOS 13 update. Creating an app with a legitimate use case for capturing location-based data is another solution.

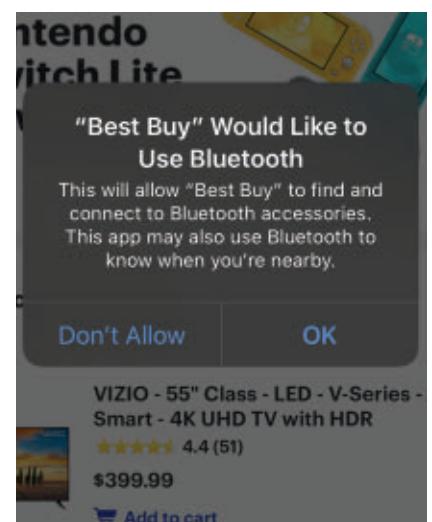
GDPR-like?

The move to weed out less reputable app publishers might strengthen the position of larger companies.

X-Mode's Anton draws a parallel to how the European Union's strict new data privacy rules (known as GDPR) put companies such as Google and Facebook in a position of advantage.

I'm already seeing it in Europe," he says. "Sketchier publishers are collecting things they shouldn't, and we saw them die out through GDPR."

Apple's latest update "will strengthen the position of companies like X-Mode and Foursquare, who own a direct relationship with the publisher," Anton says. AA



Brand Playbook

SETTING A BUDGET FOR 2020

Between the economy, the election and the Olympics, it pays to plan ahead

By Jessica Wohl

Marketers have a unique mix of elements to keep in mind as they set their budgets for 2020. Next year brings the double whammy of a presidential election and the Summer Olympic Games, which means media rates could be higher than usual in certain months. President Donald Trump can make the stock market rise or fall with a single tweet, especially one that mentions China and tariffs.

Not enough? How about an impeachment inquiry, which could subject a divided nation to an election-year clash between Congress and the president.

And then there's that looming r-word: the potential for a recession. The Federal Reserve cut interest rates on Sept. 18 for the second time in less than two months to help keep the economy chugging along. Six days later, the Conference Board said consumer confidence fell 9.1 points in September, the steepest drop so far this year. "While confidence could continue hovering around current levels for months to come, at some point this continued uncertainty will begin to diminish consumers' confidence in the expansion," Lynn Franco, senior director of economic indicators at the

Conference Board, said in the group's Sept. 24 statement.

It's a lot to juggle. Marketers at companies where the economy plays a significant role in consumer spending have tips to share as you finalize—or begin, for the procrastinators—budgeting for 2020.

Prepare—and prepare to pivot

Andrea Brimmer, chief marketing and public relations officer at online bank Ally, says she isn't planning anything significantly different for 2020 as a result of the talk about interest rate cuts and the economy.

"For a year like next year, we'll probably set aside a little bit more of a reserve that we would dip into if we saw that we needed to accelerate spending based on the marketplace starting to get sleepy," says Brimmer.

Ally had success with that approach before.

"In 2018, we actually did see some lag in terms of deposits activity," Brimmer recalls.

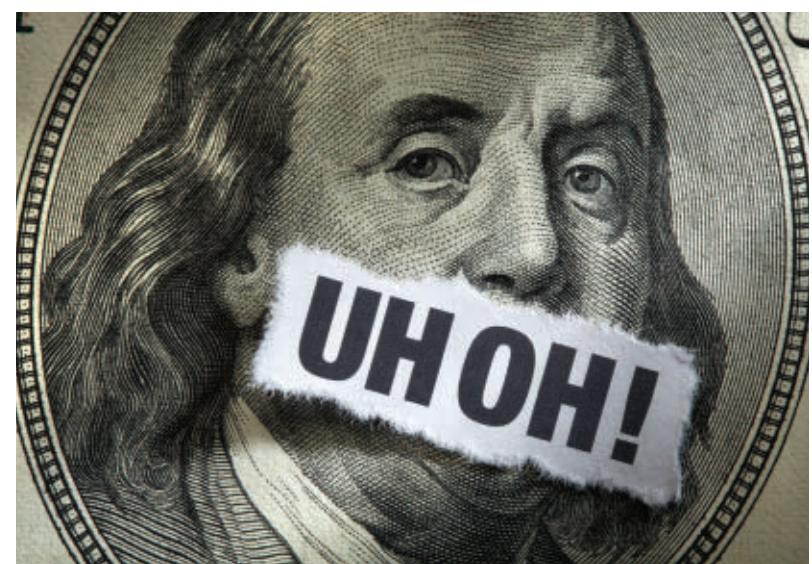
Some banks were raising rates and the competitive marketplace was getting fierce. So Ally upped its spending by a "significant" amount in the fourth quarter behind a promotional offer pointing out that online banking interest rates are often higher than those at traditional banks. Ally offered an extra 1 percent to people who brought their money to Ally for 90 days. In two weeks, 74,000 new accounts were opened, compared with a total of about 58,000 accounts in the prior quarter.

"You've got to be prepared to adjust," says Brimmer.

The momentum carried over into 2019. "This will be our best year in the 10-year history of our company in terms of customer growth," Brimmer adds.

If there is a downturn, value brands could benefit, so prepare accordingly.

"Look for the opportunities that



Add a presidential election and Summer Olympic Games to an already volatile economy, and the 2020 message for marketers is: Be prepared to adjust.

consumer or economic sentiment create to further your brand message, your brand affinity, and ultimately your brand growth," says John Dillon, chief brand officer at Denny's, the diner chain that often advertises value-priced meals. "What I've learned over the years is don't get caught up in what the 'experts' are saying. Be aware, but be nimble."

Planning takes time, but it can save time in the long run. "Build in flexibility to respond to different circumstances that unfold throughout the year," Dillon says.

Look outside the marketing department

Brimmer keeps in touch with other executives at Ally, including the chief financial officer and the head of the consumer bank, so they are all aligned if and when a backup plan needs to be implemented.

"It's always really important to partner with your CFO," says Brimmer. "You have to understand the economics of the company."

At Denny's, where upward of 90 percent of restaurants are run by

franchisees, Dillon and the marketing team can't work in a so-called silo.

"We stay very close to our franchisees in all of our thinking and all of our planning, which adds conversation time up front, but saves exponential time on the back end when you are actually in the mode of making real-time fluid adjustments," he says.

How to get the budget you want

Come in armed with data that backs up the amount you're asking for and put your marketing skills to use.

"Don't focus on just securing dollars, focus on securing additional growth and business from your brand—that's the argument that's easier to result in success," Dillon says. "Focus on the guest and the business, and always be a storyteller."

And, if you can, steer clear of starting from scratch each year, or zero-based budgeting.

"I'm not a big believer in zero-based budgeting because I just don't think you can ignore all the history that you've built up," says Brimmer. "I just feel like you've got to have a base that you're building off of." **AA**



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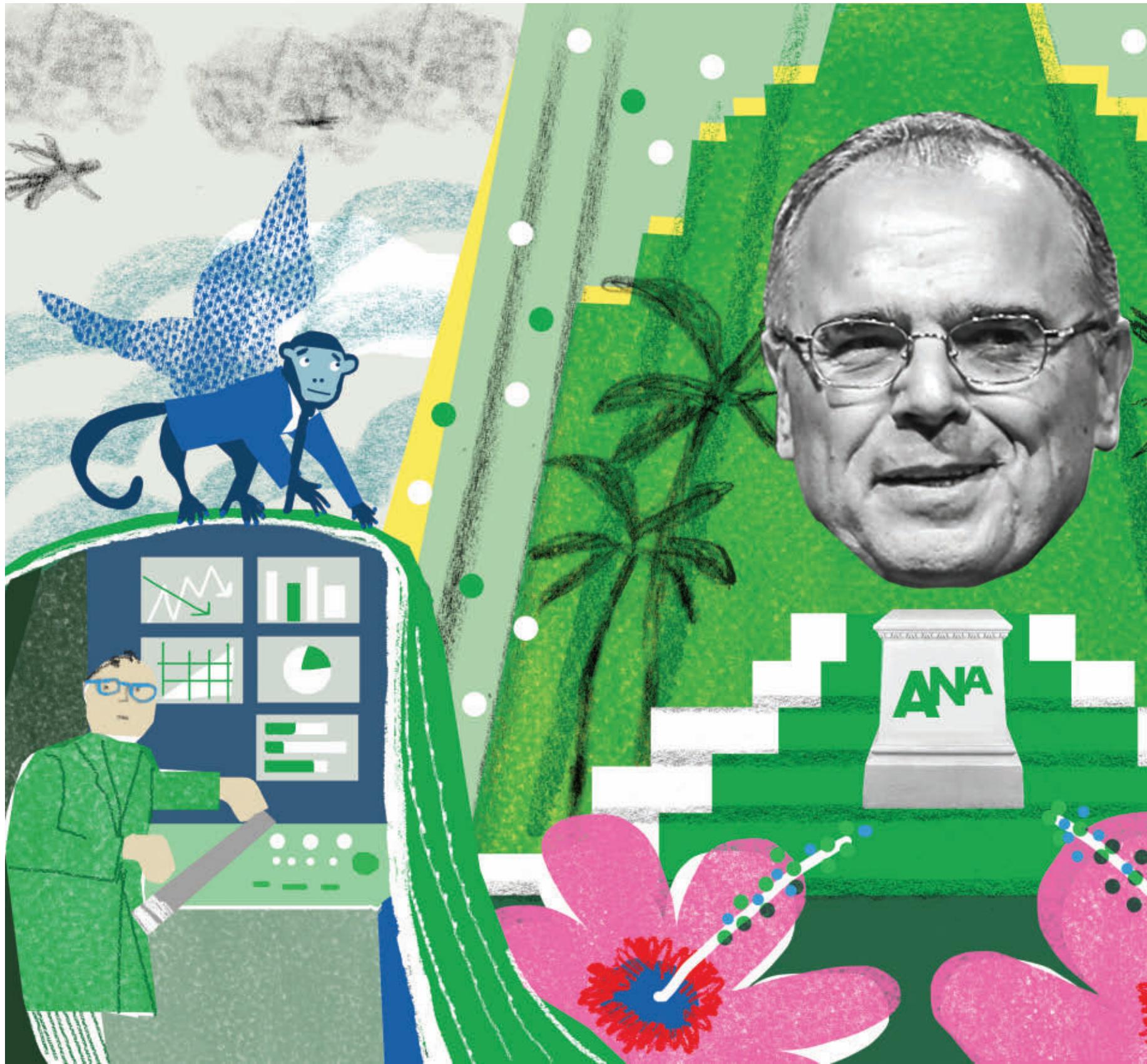
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**WE'RE OFF TO
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SEE BIG SHOW

The annual Masters of Marketing conference takes on more of a freewheeling tone as marketers grapple with a range of issues, from media transparency to purpose to the changing CMO role

By E.J. Schultz and Jack Neff
Illustration by Andrea D'Aquino

The corporate era is rapidly coming to an end. So says the description of a presentation slotted for this year's Association of National Advertisers annual "Masters of Marketing" conference, which begins Wednesday in Orlando, drawing an estimated 2,900 industry execs to the Rosen Shingle Creek resort over four days. The talk, called "Built to Suck," by strategic consultant Joseph Jaffe, seems an odd choice for an event that lures marketing execs from some of the biggest corporations in the world.

But Jaffe's presentation—which promises to answer the question "Can brands be saved?"—shows how the ANA is trying to spice up its biggest event of the year, while appealing to modern-day marketers whose purview extends way beyond traditional advertising. "Built to Suck" is part of the conference's "second stage" venue, which the ANA debuted last year to provide counterprogramming to the main stage agenda that is typically filled with solo presentations by Fortune 500 chief marketing officers.

"The conference has become freewheeling. It's less structured than it used to be," says agency search consultant Avi Dan, who's been coming to the event for more than 20 years in a row.

The ANA has no choice but to evolve. Chief marketing officers are thirsty for an outsider's perspective as they try to keep pace with changes sweeping the industry, including controversies surrounding the transparency of U.S. media buying practices that has sparked a probe by the Federal Bureau of Investigation. On Friday, the second stage will feature a presentation on the "State of Media 2020." It will be delivered by Charlie Chappell, Hershey Co.'s head of integrated media and communications planning, who will discuss trends including "OTT, retailers as media companies, audio, transparency, and building trust in the new media ecosystem," according to the agenda.

"The agenda of the Masters has always been to have a CMO on stage," says ANA CEO Bob Liodice. But the second stage provides an opportunity for other speakers with "different perspectives on the state and health of our industry to provide commentary in a different way that might be of interest to some of our constituency."

Last year, the second stage often upstaged the main stage: Investment banker Terry Kawaja of Luma Partners had the crowd buzzing with a talk called "Fire your CMO"—about how scrappy direct-to-consumer startups were eating away at big established behemoths like Procter & Gamble Co. by using highly tailored marketing based on

first-party data and artificial intelligence. The big companies might have taken Kawaja's words to heart—in the year since his talk, many have borrowed from the d-to-c playbook. (See story, P. 20)

Of course, CMOs still want to hear from their peers, too, and there will be plenty of that. This year's agenda includes presentations by top marketers at Procter & Gamble, Bank of America, Anheuser-Busch InBev, Target and Fiat Chrysler. Jason Levine, who joined hummus maker Sabra as its CMO this year after 19 years at Mondelez International and its predecessors, is attending his first Masters this year. He says he is eager to be inspired and hear about "the big challenges that everyone is wrestling with."

There are no shortages of challenges, to be sure. Below, a look at some of the big topics that are likely to surface this week:

Transparency

At last year's Masters, news of the FBI's burgeoning investigation of U.S. media buying practices was top of mind, prompting Kawaja to troll the event by wearing an FBI jacket. The jacket might not return this year, but the topic won't go away. The Justice Department in the past year has subpoenaed two outdoor advertising executives plus executives of Havas and LVMH, in a wide-ranging probe, according to people familiar with the matter. Havas and LVMH declined to comment.

More broadly, a lot has happened on the media transparency front in the four years since former Mediacom CEO Jon Mandel delivered a blistering speech before the ANA accusing media agencies of widespread undisclosed rebates and other hidden revenue-generating deals in the U.S. The ANA later commissioned K2 Intelligence for a report that detailed widespread non-transparent dealings but declined to name names. An ANA survey earlier this year found more than two-thirds of advertisers (69 percent) have updated media agency contracts in the past three years since the K2 report. Much of that is based on a model contract Ebiquity developed for the ANA.

Liodice says it is a "very good sign" that so many marketers have reviewed their contracts. "Marketers have as much responsibility to navigate their agency relationships as anyone," he says. "They just

can't defer that accountability and responsibility to the agencies or to the media that they are specifically connected with. They own it. It's their business. It's their agenda. It's their money."

But Stephen Broderick, CEO of consultancy FirmDecisions, a unit of Ebiquity that helped develop the ANA's model contract, says the real test will come in late 2019 and early 2020, as clients begin to audit agency performance under new contracts signed in 2017. "We're auditing those contracts now," Broderick says. "I can categorically tell you things have not gotten better. If anything, they've gotten slightly worse, because what we're seeing now, as perhaps expected, is that there's more intent to what the agencies are doing."

That implies, he says, that agencies are "setting out with an intent to circumvent their obligations, or intentionally signing up to certain practices and contracts knowing they're going to do the opposite." Volume-based cash rebates have gone away, Broderick says. But he sees more deals where media companies pay agencies for service contracts of questionable value, or commingled buys where agencies leverage the collective buying power of clients to get low-cost inventory on their own accounts, which in turn they can resell to clients.

Marla Kaplowitz, president-CEO of agency trade organization 4A's, takes issue with the idea that transparency issues are widespread. There have been "close to 100 audits and no one has paid money back," she says. "Clients wanted to make sure they were getting what they were promised, and that is the goal of every agency—to make sure that they are delivering against that." She remains critical of the ANA's K2 report. "The biggest frustration then and now is you are vilifying an entire industry when you never named names, you never clarified who the guilty parties were."

Measurement

The ANA has pushed for better measurement across media for a decade through such efforts as the cross-industry Making Measurement Make Sense (3MS) initiative. Liodice, who will deliver conference opening remarks on Thursday, has tangible good news to report on this front: The Media Rating Council earlier this month released a final version of its cross-media measurement standards for video,

which give marketers and agencies much of what they've wanted by standardizing measurement around gross rating points across digital and traditional linear TV.

The new standards incorporate a tougher viewability standard that now requires an ad be 100 percent in view for at least two seconds. The MRC standard also requires sound to be measured, but it's up to media, agencies and marketers to determine if that affects payment.

Duration weighting, a more controversial aspect of the standards, won't go into effect until January 2021, giving the MRC and others more time for additional research and possible revisions. This standard bases payment on the percentage of an ad actually viewed. Since all provisions apply both to digital and linear TV, the practical effect of the standards get marketers, and Liodice, closer to something they've wanted for a decade—individual TV commercial ratings.

"These are great statements of intent right now," Liodice says. "But there is a lot of work to be done."

Though progress has been made, the new standards don't solve everything. Nearly three years after Procter & Gamble Co. Chief Brand Officer and ANA Chairman Marc Pritchard made a high-profile call for them to do so, big digital players such as Facebook, Google and others still don't have MRC accreditation for all of their third-party audience measurement. Individual measurement firms still need MRC accreditation for their cross-media measurements. And restrictions by digital "walled gardens" on sharing even anonymized individual data across platforms also limits the quality of those cross-media video measurements. But P&G also feels it's been able to make enough progress to cut media spending in recent years while delivering faster top-line growth by limiting the number of times people see the same ads.

The role of the CMO

If past Masters events are any indication, there will be a good bit of navel-gazing about the evolution of the CMO role and how marketers are expected to take on a lot more than advertising oversight, with everything from data management to customer loyalty programs and PR now on their plates. (Ally's



"If you think about what a go-to-market leader's job is, it's really to activate that customer, get them off their butts and do something and grow the business. The industry is so focused on the [CMO] job title and not focused enough on what impact you are having on your client's business."

Norm Yuston, Russell Reynolds Associates

Andrea Brimmer, who is scheduled to present on Thursday, carries the dual title of Chief Marketing and Public Relations Officer, for instance.)

The CMO title itself is under scrutiny as more companies gravitate to labels like "chief experience officer" and "chief commercial officer." Norm Yuston, who leads the chief marketing officer practice at executive recruitment firm Russell Reynolds Associates, estimates there are now about a dozen titles being used for the top marketing role. To reflect this, Russell Reynolds later this year will rename its chief marketer practice to "customer activation and growth," says Yuston, who will be attending Masters. "We want to focus on what our clients needs are, not necessarily the job title," he says. "If you think about what a go-to-market leader's job is, it's really to activate that customer, get them off their butts and do something and grow the business."

State of purpose

The ANA has long used "driving growth" as the theme for the Masters event. But it might as well be "purpose." By one account in an April ANA Media Conference presentation, 98 percent of Masters of Marketing presentations last year referenced purpose-based marketing in some way. Unilever

CEO Alan Jope, who won't be presenting at the ANA this year, made some news at Cannes by putting brands on notice that, within a few years, they need to find deeper purpose than just their basic product function or face possible divestment, because purpose-driven brands like Dove and Ben & Jerry's are shown to fare better.

Embracing purpose might sound innocent enough, but it doesn't come without risk. A study released last week by Morning Consult showed 53 percent of adults say corporations have become more political in recent years. That can have mixed results, since 29 percent of consumers say they've stopped buying from a brand because of a political stance, while just 15 percent say they've spent money to support a brand because of its political stance. Morning Consult found wealthy, well-educated liberals are more likely to vote with their wallets over brand political stances. Civic Science, a rival survey firm that regularly polls people on a variety of topics, has likewise found the left is more likely to act on political stances than the right, says CEO John Dick.

One purpose issue that's less polarizing than, say, Donald Trump, is brand support of environmental causes or responsibility, which is generally well received, according to Morning Consult.

Networking

As for the environment at ANA, expect plenty of schmoozing, with much of the action occurring on the sidelines as agencies and other vendors try to woo marketers over private dinners and other events. For those sticking to the formal ANA nighttime agenda, the entertainment includes OneRepublic, which is slated to perform at a Wednesday dinner sponsored by A&E Networks, courtesy of Westwood One. Bush is the entertainment at a Thursday dinner, sponsored by iHeartMedia. **AA**

Contributing: Jessica Wohl, Adrienne Pasquarelli





THINKING INSIDE THE BOX

Big consumer packaged goods brands are mimicking startups even as those startups go conventional

By Jack Neff and Adrienne Pasquarelli
Illustration by Tam Nguyen

When Terry Kawaja, founder of investment bank Luma Partners, stood on stage at the Association of National Advertisers' annual Masters of Marketing conference last year and told a packed crowd that they should fire their CMOs, a challenge was set. Kawaja encouraged established giants such as Unilever and Procter & Gamble Co. to either adopt more direct-to-consumer strategies, or risk losing their lunch to the growing field of buzzy startups like Harry's and Everlane.

Now, one year later, the landscape has changed. Big CPG brands are spawning a lot more d-to-c startups of their own. P&G has 180 of them, while L'Oreal has its own customized d-to-c hair coloring startup, Color & Co. Both are using their internal manufacturing and sales forces to help move the products faster into broader retail distribution. They're also responding faster to threats from d-to-c startups and buying more of them.

The appeal for big marketers isn't just sales.

"There's a lot of value in going direct-to-consumer beyond just driving revenue," says Jake Matthews, an intelligence analyst at CB Insights. "It's creating a direct relationship with the customer which obviously has a lot of benefits—understanding the customer at a much more granular level, understanding their online behavior and getting a profile of the customer."

At the same time, d-to-c players are increasingly resembling conventional retailers. They're opening their own stores, or wholesaling in chains such as Target and Walmart. They're spending big marketing bucks on TV ads and investing in full-scale brand campaigns rather than just relying on performance marketing to move the needle.

Increasingly, d-to-c players are behaving like conventional retailers.

"Brands should have this one-on-one relationship with the customer," says Andrea Hippeau, principal at Lerer Hippeau, the venture capital firm behind well-known retailers including Allbirds and Casper. "Consumers are looking for a lot more from brands now than ever before—you have to engage them at multiple touchpoints before they'll make a purchasing decision and trust the brand."

Hippeau recently told P&G's internal Signal digital conference that her firm won't even consider funding d-to-c startups that don't have a plan to move into offline retail operations.

The changes from both sides come at a pivotal time. A recession might be looming, and retail experts expect shoppers to begin tightening their purse strings. While d-to-c brands were innovative and exciting a decade ago, the shine has worn off the model and consumers have come to expect more value from the companies they shop, whether in the form of loyalty programs, ease of shopping or brand purpose.

"Probably 10 years ago, when the fun started, we did our first investments in Warby Parker and we were investing in the innovation of the model," says Hippeau. "Now, we're looking for a more well-rounded brand ... You need to be thinking a bit outside the box but have a more traditional mindset."

Not a new concept

The buzz around d-to-c has been growing, in recent years, though the actual strategy of selling directly to customers is, of course, nothing new. Yet e-commerce made it easier to start a brand, and social media opened the door to stronger consumer relationships. Thus, digitally native brands, the modern iteration of d-to-c, have grown, according to Nate Checketts, co-founder and CEO of Rhone, a men's sportswear brand that sells directly to customers and in places such as Peloton and Equinox.

"D-to-c has existed for a long time—it's not a new concept that someone would sell directly to a customer, that's existed for hundreds of years," Checketts said recently at an Advertising Week panel, noting the "digitally native" distinction. "But with e-commerce, brands have unparalleled access to their customer and can scale those relationships much faster, as it was traditionally constrained by a retail geographic footprint."

But things have gotten harder for d-to-c packaged-goods players on two fronts in the past couple years, says a veteran marketer of one prominent startup, who asked to not be identified.

The rising costs of Facebook and Instagram advertising, combined with the logistical costs of shipping, make it hard for a pure-play d-to-c player to be profitable, the marketer says. The added distribution and efficiency of selling through a Walmart or Target are necessary to push most of them into the black.

In that sense, the new generations of digital d-to-c players aren't unlike the gadget and gizmo sellers of a prior generation of direct-response TV brands. Pure DRTV plays were rarely profitable, even at lower-than-primetime rates, unless that early exposure catapulted the brands into conventional retail distribution.

A close shave

Also, the days when d-to-c startups could run rings around big, slow-moving CPG incumbents and retailers are ending. The shaving razor business of the past eight years provides an illustration on both fronts.

Dollar Shave Club launched in 2012, and it took Procter & Gamble Co.'s giant incumbent Gillette years to react. Harry's (since acquired by Schick marketer Edgewell) launched a year later, also d-to-c, and got off to a slow start. But once it entered Target and Walmart last year, Harry's began picking up share on Dollar Shave Club, purchased in 2016 by Unilever.

Meanwhile, after fumbling with initial attempts for its own shave club, Gillette retooled to ditch the subscription model in favor of an "on demand" restocking. Through the first seven months of this year, online traffic to Harry's was up 17 percent and to Gillette On Demand was up 4 percent. Dollar Shave's traffic was down almost 19 percent during that time, according to Similarweb.

P&G wasn't caught napping when the d-to-c battle shifted to women's razors with the launch of upstart Billie in 2017. By last year, P&G, which markets category leader Venus, had prepped the launch of a new women's shaving brand, Joy, priced and positioned similar to Billie, to be sold exclusively at Walmart—effectively blocking Billie from pulling a Harry's-style maneuver into the biggest U.S. retailer. Billie, which launched two years ago, declined to comment.

Building up a stable

P&G also has begun cranking out a growing number of its own d-to-c startup brands across numerous categories, many new to the company. Among the

180 startups is one that has already graduated into conventional retail distribution.

Zevo, a P&G brand of plug-in bug zappers and insecticides using essential oils rather than synthetic chemicals, started small in 2017 with Facebook and Instagram advertising and direct-to-consumer distribution via Shopify. Zevo has been gradually building its business to the point of launching nationally in Home Depot and Amazon this year.

P&G has some advantages that smaller d-to-c startups don't, including a large and often untapped pool of patented technology, its own plants that often can run small batches of startup brand products, and plenty of its own capital so that principals don't have to spend so much time raising money. Then, if they do show enough promise, P&G has a sales force that can readily move them into conventional retailers.

Leigh Radford, VP and general manager of P&G Ventures, described the unit in a panel discussion at Cannes earlier this year as not an investing arm but "a studio, creating new brands for P&G" that's largely internal, but also done with external entrepreneurs, in some cases through an incubator developed with Los Angeles venture firm M13. Once brands are created, some might be spun off into partnerships with outside CEOs, be sold or even go public, she says.

The idea is for the new brands to build much like outside d-to-c startups, learning as they go without getting big cash infusions up front, in the manner of traditional P&G launches, Radford says.

"What the direct-to-consumer avenue provides is that ability to create one-on-one relationships early on to co-create brands," Radford says. "At P&G or Unilever, we kind of lost the consumer because they got further away from us. This allows us to come back and build brands, which we are really good at, with the consumer at the center."

Big retailers haven't missed out either on the fact that they can help directly spawn their own versions of d-to-c startups. Walmart earlier this year joined with Kirsten Bell and Dax Shepard to launch Hello Bello, a brand of plant-based personal care products that looks a lot like the Jessica Alba-founded Honest Co. and is sold jointly by the couple through d-to-c and in Walmart stores.

Scaling with TV

As larger marketers acquire d-to-c brands or launch their own, startups are branching into new marketing channels in order to scale their businesses. Since Instagram, Facebook and even subway ads—once viable options for starting a brand—have grown crowded and more expensive, many young brands are turning to TV. Indeed, in the first half of this year, d-to-c marketers grew their spend on TV by more than 50 percent compared with the year-earlier period, according to a recent report by Interpublic Group of Cos.' Magna.

"You see these direct-to-consumer companies leveraging more mass marketing channels than they used to," says Matthews. "They start to expand beyond the grassroots marketing they've been doing on a channel like Instagram; you start to see them utilizing more traditional means of reaching customers either through Google display advertising or TV."

Brands such as Boll & Branch, a five-year-old seller of premium bedding products, have found TV to be an effective marketing channel when added to the digital mix. Scott Tannen, founder and CEO of Boll & Branch, recently told Ad Age that digital



Joy women's razors, P&G's d-to-c brand created to compete with upstart Billie, are sold at Walmart. Target has partnerships with Native, Quip, Bark Box, Casper and Myro, right, a d-to-c deodorant brand.



channels were "underpriced" but are now priced more "appropriately," which adds to the clutter and lessens the effectiveness of such platforms.

Similarly, Bombas, a startup sock seller that donates a pair to the homeless for every pair it sells, also advertises on TV, though Facebook still represents 40 percent of the brand's media spend, according to David Heath, co-founder and CEO of the five-year-old company.

"TV was a big unlock for us," Heath said during Advertising Week. "You have to invest a lot and have a big budget, but surprisingly it has performed incredibly well."

To that end, TV networks have been targeting d-to-c brands ready to make the leap to the small screen. This year alone, Viacom, A&E and NBCUniversal have all rolled out the red carpet to such brands by offering dedicated programs for d-to-c advertisers.

Digital brands have also ventured into the physical realm with their own stores or wholesale channels. In addition to its website, Dagne Dover, a functional bag purveyor, sells in its own pop-up store and at Nordstrom. Big-box retailers including Target are welcoming such companies with open arms. The Minneapolis-based chain bet big on d-to-c early on with Harry's in 2016.

Now, the 1,800-unit Target has partnerships with brands including Native, Quip, Bark Box, Casper and Myro. Exclusively selling brands that are hard to find or online only helps give customers another reason to shop at Target, says Christina Hennington, senior VP-general merchandise manager of essentials, beauty, hardlines and services. She notes that the goal was "to continue increasing differentiation in our product assortment," a strategy she says is playing out well for both Target and the digitally native brands it stocks.

"Brands have seen incremental growth and gained access to new customers, while we have the benefit of adding newness to our product assortment," Hennington says.

Still plenty of challenges

Of course, several challenges remain for d-to-c brands that heritage players have already mastered. Critics say that several digital brands have zeroed in on young millennials in urban areas, but in the process, they're ignoring huge swaths of the popu-

lation, like older generations and Americans in the middle of the country. It's a demographic the P&Gs of the world have already courted.

"There are a lot of brands big and small going after the 18-to-24 segment," says Hippieau. "While that is sexy and they're trendsetters and there's a lot to be learned and gained from going after that segment, the fact is that older demographics are a lot more tech-savvy, and they're mobile shoppers now."

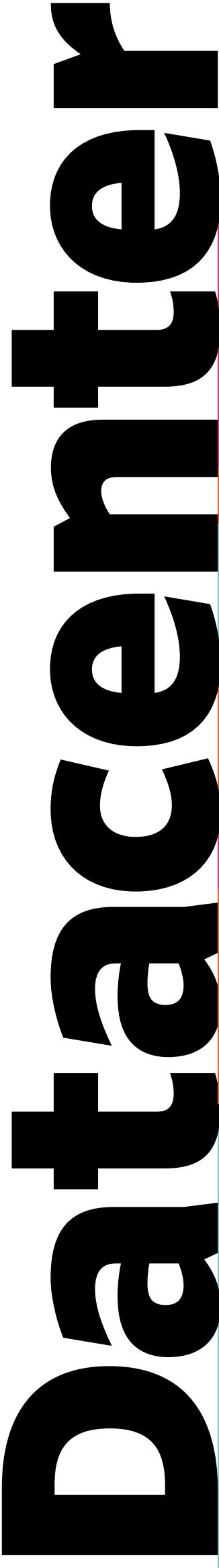
Strangely enough, one of the biggest threats to d-to-c startups might be getting drowned in the cradle by too much venture capital, says Shaun Neff, founder of Neff Headwear who has founded or advised a series of brands including Sun Bum suncare (sold earlier this year to SC Johnson), Kendall Jenner's Moon oral beauty care brand, and merchandise brands for a variety of YouTube influencers such as James Charles.

"This idea of raising a ton of money with tech-level valuations and just literally burning through cash to acquire customers, I'm just not a fan of that," Neff says. "That's the big model that everyone is talking about in CPG and apparel recently. And there's been a handful that have worked and luckily sold, but in my opinion that's not a sustainable long-term model. You're just spending a ton of money to acquire a customer rather than building an incredible brand people hear about from word-of-mouth."

The newer brands Neff launches or helps launch generally start initially direct-to-consumer for a short time, as little as a month, with an idea of quickly moving into a conventional retailer, he says. "I love the idea of retail," he says. "It brings credibility and eyeballs and high distribution to let people know you're in the game."

But with the d-to-c field growing crowded, and larger marketers looking more like d-to-c brands, experts say it will be harder for newer brands to differentiate. Many already resemble one another, by offering a mattress in a box, for example. If a problem for a consumer is already solved by an existing product from a brand that has an established base of loyal shoppers, consumers won't be interested in a new startup selling a similar problem-solving item, says CB Insights' Matthews.

"The most interesting thing to look out for moving forward," Matthews says, "is how many of these d-to-c companies are going to survive." **AA**



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GILLETTE'S 'THE BEST MEN CAN BE' AND THE WAR ON TOXIC MASCULINITY

Despite backlash from conservative critics, P&G's shaving brand doubles down on progressive campaign

By Jack Neff

Since its founding 118 years ago, Gillette has grown to become the dominant men's shaving brand, fueled by ever-pricier new razor systems, regular price increases and, since the 1989 Super Bowl, "The Best a Man Can Get" ad tagline from BBDO. But given its relatively high prices, the brand ran into trouble starting with the Great Recession of 2008 and particularly since the 2012 launch of Dollar Shave Club (now owned by Unilever) and Harry's a year later.

Gillette still holds a commanding lead among older men but has a weaker hold on millennials and Generation Z. So in a digital video campaign from Grey last January—targeted disproportionately toward younger men—Gillette reframed its old tagline as "The Best Men Can Be," informed by the #MeToo movement and the call to end "toxic masculinity." The ad provoked a backlash among conservative commentators. Yet Gillette has stuck with the campaign and even expanded it, while tweaking the messaging and tactics. Right-wing commentators are still expressing contempt, but Gillette has made progress with the targeted millennial and Gen Z demographic, improved online sales and delivered strong sales growth last quarter.

The marketing challenge

The Gillette razor business was the highest-margin big brand in packaged goods when it was the crown jewel of a \$57 billion acquisition by Procter & Gamble in 2005. That deal also included Braun shaving, Oral-B toothbrushes and Duracell batteries (the last of which was divested in 2016). But the deal proved disappointing on the top line, dragged down mainly by the non-Gillette brands.

Then Gillette's game plan of raising prices on replacement blades 3 to 4 percent annually and upselling customers to pricier systems like Fusion in 2006 faced challenges due to the Great Recession—during which some men shaved less simply because they weren't working or balked at Gillette's prices—as well as from Dollar Shave Club and Harry's.

Globally, Gillette's market share has fallen from 70 percent in 2010 to less than 50 percent last year, according to Euromonitor.

Gillette also faces an overall decline in the frequency of men shaving, particularly in the U.S.

The insights

"The challenge we have on the brand is to reconnect with the millennial and Gen Z generations," says Gary Coombe, CEO of Global Grooming at P&G. "Our

brand awareness among that group was low, [as were] affinity and equity. We know this group of consumers expects brands to stand for more than the delivery of their functional benefit. They expect these brands to have a point of view that resonates positively with their point of view on social or environmental causes."

The campaign

Thus was born the "We Believe" ad that broke in mid-January. "Men need to hold other men accountable," says actor Terry Crews—a sexual assault survivor and former pitchman for P&G's Old Spice—during Congressional testimony shown in the ad. The spot also depicts catcalling, sexual harassment of a maid in a faux 1950s sitcom as a studio audience cheers on the harasser; humiliating mansplaining in a boardroom and other examples of the worst men can get—at least through the first 50 seconds. Then various men, including Crews, stand up to call for better behavior.

The ad dovetailed with the launch of Gillette's TheBestMenCanBe.org, a site that celebrates "men who are advocates, mentors and leaders in their communities, demonstrating what it means to be a great man, every day," backed by a \$1 million-plus annual commitment for three years to organizations that help men be "their personal best."

The backlash

After an early story on "We Believe" in The Wall Street Journal, many conservatives—including one of the paper's op-ed columnists—criticized the ad at best as phony "virtue signaling," at worst as unfairly tarring most men as bullies and rapists. Reactions were particularly harsh on Twitter and YouTube. Marketing intelligence firm BrandTotal found social media sentiment in the days immediately after the ad broke as negative by a 63 percent to 8 percent margin, while social listening firm Converseon found the negative-positive ratio a more balanced 45 percent to 34 percent.

Celebrities weighed in, with Piers Morgan, James Woods, Ann Coulter and Meghan McCain among the detractors, and Bette Midler, Chrissy Teigen, Rainn Wilson and Arianna Huffington among the supporters.

Although negative reactions on YouTube still outweigh the positive nearly two to one as of September (1.5 million to 802,000) on 32.4 million views, the initial negative social-media reaction became more favorable over time.

The battle lingers

Compared with most social-media firestorms, Gillette's has lingered far longer. That's in part because the brand and company held their ground, never apologized for any offense taken and continued with the campaign.

The results

Perhaps because the controversy persisted, the initial ad seemed to incite several weeks of negative brand perception. Initial Morning Consult tracking data in January showed relatively little awareness of the controversy or negative impact on the brand. But by February, net favorability toward Gillette (percentage of people favorable less those unfavorable to the brand) had declined 10 points to 58 percent. That score rebounded to 67 percent by May and stood at 64 percent in August, exactly where it was a year earlier.

Coombe sees the ad's impact as overwhelmingly positive both in perception and sales. "We think what we've chosen here—to portray men in a modern, contemporary, progressive way—is appropriate for Gillette," he says. "And it seems to be working, so we're going to continue with that, and we're proud of the work. And if there's a small minority out there who have a different view, that's just something we're going to have to bear, because we believe for the brand, this is absolutely the right choice."

The 4 percent organic sales growth Gillette posted globally for the April-June quarter was "our best quarterly growth for some time," Coombe says. "We're growing in North America and around the world."

Outside direct-to-consumer e-commerce, Gillette holds a commanding 76 percent share of razor sales on Amazon, according to Evercore, which sees signs that e-commerce growth is offsetting Gillette's challenges in offline sales.

"We've grown sales and users online every month since the ad was launched," Coombe says. "That's a good indicator that the brand is strengthening and in good health. Sales are impacted by many things, but that new campaign has been one of the key drivers. I'm certain of it."

The lessons

Gillette and P&G have taken steps to mitigate negative social media effects from subsequent ads. Gillette has left comments enabled on the initial "We Believe" ad on YouTube, but has removed comments deemed offensive. The brand also disabled YouTube



Clockwise from top left: The 1989 campaign "The Best a Man Can Get," from former agency BBDO, helped establish Gillette as the market leader. In January 2019, the company updated the tagline with "The Best Men Can Be" campaign. Gillette has doubled down on the new campaign with ads like a Father's Day video featuring musician John Legend and his son, and spots that further combat gender stereotypes like "The Barbershop Girls of India," which tells the true story of two sisters who run their father's barbershop.

comments for subsequent videos in the U.S., such as "Every Hero Sweats" from Grey Midwest—even though the story line was more likely to please conservatives by portraying everyday heroism of dads in the armed forces or other jobs.

A five-minute-plus #TheBestMenCanBe ad for Gillette—featuring John Legend, along with the musician's father and son, in June for Father's Day—was likewise less controversial. The ad has only about 32,000 views on YouTube, but BrandTotal says Gillette invested heavily in so-called "dark social" targeted placements on Facebook and Instagram.

The targeting seems to be working. When Gillette's videos reached selected social audiences between May 9 and August 7, BrandTotal shows sentiment was 65 percent positive vs. 9 percent negative. The same ads, when posted to broader, non-targeted audiences, earned 46 percent negative sentiment vs. 14 percent positive.

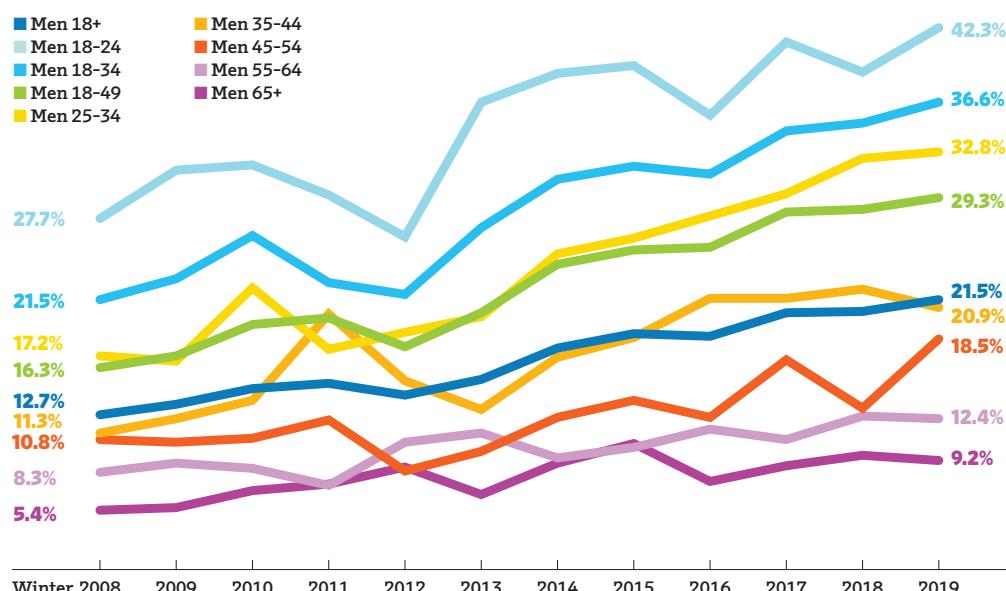
Coombe notes that Gillette isn't shielding all online video from social media or turning off comments everywhere, particularly outside the U.S. For example, "The Barbershop Girls of India," which combats gender stereotypes by depicting the true story of two sisters who run their father's barbershop, has 16.5 million YouTube views. Positive comments outweigh negative more than 10 to one.

What's next

Gillette has expanded "The Best Men Can Be" campaign to India, South Africa and Spain. Portraying men in a new, more progressive light figured prominently in videos backing the recent launch of Treo, a line Gillette developed to help caregivers shave the elderly or disabled men. Grey continues as Gillette's primary agency of record. The Gillette creative account, which Grey has held since 2013 after beating out longtime incumbent BBDO in a review, is not currently in review, a P&G spokeswoman says, but she adds that "consistent with the direction of many P&G brands, Gillette does leverage additional agencies at the project level." AA

Beard trend by demographics

Winter 2008 through winter 2019

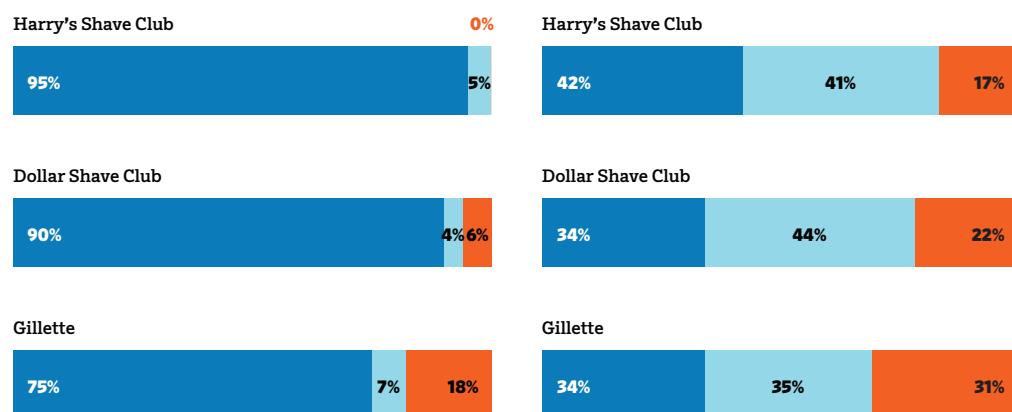


Source: Simmons National Consumer Survey, Winter 2008-Winter 2019. *Bearded estimate is based on men who either do not use any shaving products or use shaving cream or electric shavers fewer than two times per week.

News sentiment

If you've heard about this brand in the news recently, was it positive/negative/neutral?

Positive Neutral Negative



Source: Morning Consult for the year ended Aug. 5.

TRUST

55%

of consumers trust Gillette to do what is right

Source: Morning Consult for the year ended Aug. 5.

Twitter sentiment

Based on Morning Consult analysis about the brands

PURCHASING CONSIDERATION

69%

of consumers are likely to consider purchasing a product or service from Gillette

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DANGER: SCHOOL ZONE

Behind Sandy Hook Promise's shocking back-to-school ad

By Ann-Christine Diaz

Director Henry-Alex Rubin kept actress Symera Jackson in an "emotional holding pattern" for the final chilling scene.

Sandy Hook Promise this month debuted "Back-to-School Essentials," the organization's biggest effort to date from BBDO New York designed to reinforce its message that, if you know the warning signs, gun violence can be avoidable. The spot garnered widespread attention for its shocking approach: It starts out as a typical, saccharine back-to-school ad, but progressively morphs into a bone-chilling message about the reality children face today. In prepping for the new school year, pupils' most important classroom gear may just be objects that keep them alive.

In the commercial, children show off their new school swag, like running shoes, writing implements and socks, which as the ad progresses turn out to have a horrifying dual purpose: They enable kids to flee from a shooter, to use as weapons or even staunch bleeding wounds.

The ad's impact was powerful and immediate. According to agency figures, it earned more than 26 million views within 24 hours of its release and was shared by numerous celebrities and at least a

dozen presidential candidates.

The spot's compelling concept and sharp writing, along with fastidious attention to craft, combine to create a message that can bring a viewer to tears, no matter how many times it's viewed. Ad Age spoke with the people behind the ad to find out what went into making the powerful piece.

The concept

So far this year, the U.S. has experienced at least 22 school shootings. Bianca Guimarães, BBDO VP and creative director, says the brief from the client was for a piece to launch during the back-to-school period and "remind people of the new normal, that kids are being taught how to survive shootings."

As for choosing the back-to-school ad premise, "we looked at a lot of ideas and one of our teams stumbled on that great one around what do we see every year during back-to-school?" says Pete Alsante, BBDO senior VP and senior creative director. The client's ultimate mission is for the general public to know the signs of a potential shooter.



The team arrived at the insight that knowledge of those signs is basically a “back-to-school essential. Out of that came the idea of playing off what those essentials are, in this day and age,” Alsante says.

The direction

The campaign reunited Smuggler director Henry-Alex Rubin (“Semper Fi,” “Murderball”) with Sandy Hook Promise and BBDO. Rubin previously was behind the camera for BBDO’s first spot for the client: “Evan,” the award-winning ad that showed a sweet love story horribly interrupted by a school shooting. Rubin was also behind “Tomorrow’s News,” a satirical newscast-style spot that showed the grim outcome of a future shooting. When Rubin came into “Back-to-School Essentials,” he says “it was already an incredibly tight, chiseled piece of writing. My challenge was to figure out where the tone shift was and to control the tone very carefully.”

The spot gets darker as it unfolds, but not overtly so. Rubin paid careful attention to how it moves from the “formalism and cleanness of the first handful of shots,” he says. “Does the camera get shaky and the lighting get more somber or real? Does the color correct get more subtle as the piece progresses from a back-to-school ad?”

With the help of Director of Photography Autumn Durald Arkapaw and color by Company 3, Rubin tread lightly. “It does become a little bit more handheld, a little bit more raw and less saturated,” he says. “These are all very subtle things, along with the turn of music, that help the transition without calling attention to those artificial adjustments along the way. You don’t want to shift the gear too hard or have people feel the hand of the director. You want them to be sucked in, and then feel subtly betrayed by what they thought they were watching.”

The casting

Casting was crucial as well. “I needed to cast kids who made the situation and their lines real and immediate and believable, even though it was within a clearly delineated dark, satiric world,” Rubin says. “My job was to capture the performances, especially in the end, that could be real enough to move you.”

In the final scene, actress Symera Jackson, playing a student hiding in a bathroom stall, tries to maintain a smile as she describes her phone as a critical back-to-school item. “I finally got a new phone to stay in touch with my mom,” she weeps. Her tears, the foreboding “I love you” message she texts, and footsteps in the background betray her fate.

“The hardest things for actors to do credibly on film are things that are physically beyond our control—laughing, sneezing, shuddering, blushing and crying,” Rubin says. “Despite it being a prerequisite for their job, a majority of actors cannot cry on command. Even with those who can, it often feels like ‘movie’ crying.”

To capture the moment, Rubin cleared everyone off the set and remained with Jackson in the stall. “We held her in an emotional holding pattern for about an hour until I felt I got the perfect heartbreak-ing 10 seconds.” The final take was the one used in the spot. “It wasn’t easy for her,” Rubin recalls. “She was shaking afterward. She was what you hope for as a director—a genuine, vulnerable human with access to real feelings who was also able to take notes. The film has to travel from an ironic, chipper tone all the way to a somber, genuine one. So getting the pitch of her performance was essential.”



The tone, pacing and the music used in the commercial get darker as it unfolds. “You don’t want to have to shift the gear too hard,” says director Henry-Alex Rubin. “You want [the audience] to be sucked in.”

The edit

The spot was cut by editor Jason Macdonald, founder of editorial shop NO6, who was also in the bay for “Evan,” another bait-and-switch that goes from cheery to dark.

BBDO’s Alsante says the cut on this project was a lot like that on “Evan” and involved testing boundaries. “We had to go a little too far in one direction or the other to find out what was right,” he says. “We brought the turn in the music earlier, then later. Visually, everything starts to change halfway through, but it becomes a decision of how much do we want to telegraph that or give the viewer time to figure it out. It was a collaborative process of doing it wrong 50 times to find the right way to do it.”

Among the school supplies in the spot that double as “essentials” during a shooting incident are pencils and scissors, running shoes and socks. Rubin noted that there was a “healthy creative debate” about the headphones showcased early on. “We talked about whether every object had to be unexpectedly used in self-defense,” he says. Ironically, the headphones didn’t serve as a life-saving device, but perhaps the complete opposite. “It created a sort of irony—the kid telling us about noise-canceling headphones was missing out on the danger. It leaned into the horror that would emerge 40 seconds later. We ended up embracing the fact that it was an outlier because it did something interesting script-wise.”

Macdonald says that the sound, ultimately, was the most crucial aspect of the edit because it helped to ground the story in reality. “My goal was to make you feel like you were there,” he says. “I watched every single shooting on YouTube I could find and tried to make it sound just like that. I watched cellphone footage from CNN, tried to mimic the screams, the pacing of the gunshots.” Restraint, Macdonald adds, was key. “You realize that in real life it’s never really that noisy, it’s just quick screams.”

In his mind, the turning point of the spot is about 20 seconds in, during the scene that depicts a boy running through the hallways. As he darts down the hall, “you hear a sharp double scream,” he says. “Those were from Bianca, the creative director.”

The music

The spot’s soundtrack was created out of JSM, with sound mix by Heard City. Composer Joel Simon, founder of JSM, says the music, like the other creative aspects of the spot, had to sneak up on you. “There was a very fine line on how we made that segue from a traditional back-to-school ad that was very ‘Saved by the Bell’-ish, to our dark reality while keeping it compelling,” he says. The aim was to “make you more and more uncomfortable. How could we illustrate that musically, and have it linger and pull the viewer in further?”

The music was a process of “devolution” from the cutesy track that opens the ad. The goal was “to take that opening music, twist it, morph it without it being a quick cut,” Simon says. Even in the latter scenes, you still hear elements of the opener, “but it’s not the way it was before,” he says. “We start with the opening piece and then, as it deconstructs itself, we bring in other elements that are somewhat dronish, a little dissonant.” A tremolo comes from underneath, and the tune becomes more bass-heavy. Throughout, you start to hear the single note of a piano, a “metronomic motif,” peek through, “on top of the stuff that’s churning underneath,” Simon adds.

By the time the spot reaches the final scene, all cheeriness has disappeared. The tremolo abruptly stops and the student is left alone with the sound of footsteps entering the bathroom. The piano then returns, accompanied only by the girl’s breathing, and the spot’s end line reads, “It’s back-to-school time, and you know what that means.” **AA**



"Write the Future,"
Brooklyn-based agency
Mustache's campaign for
Grammarly, the company
behind the AI-powered
writing assistant

AMP SPOTLIGHT

WHERE THE MONEY'S GOING IN 2020

By Ad Age Studio 30

Fall planning season is upon us, and for the ad world, that means zeroing in on what kinds of investments are going to make the biggest impact next year. Whether that means putting dollars behind bringing in the brightest talent possible, embracing innovation, expanding (or refining) client offerings, bolstering creative prowess or giving back to the community, there's a common theme for all agencies—that is, finding ways to do better and work smarter in 2020.

Here's what some members of the Amp community plan to focus on during the coming year.



COMMUNITY

Joel Johnson, Co-Founder, Chief Strategist, Admirable Devil

We're investing in our community in 2020 by working pro bono to profile the work of some outstanding makers in the D.C.-Baltimore corridor. There are many creators out there that other agencies and brands could be tapping into. We want to help them get noticed, especially if they have a badass story to tell. And of course, we hope our community and prospects appreciate how we tell it.



Issa Sawabini, Partner, Fuse

In 2019 we expanded our community engagement programs with more volunteer programs, staff-directed donations and a more active role with youth in

our community. We'll continue to do more for the state (Vermont) and local community (Winooski) we love.



Carolyn Walker, CEO and Managing Partner, Response Marketing

We plan to continue to do our part to increase industry diversity and inclusion through our Marketing Explorers Program with Hill Regional Career High School here in New Haven. We also fear complacency when it comes to our agency culture and continue to prioritize making our agency a great place to work.



PEOPLE AND CULTURE

Kenny Nguyen, CEO and Co-Founder, ThreeSixtyEight

We believe the best agencies play a role in developing the leadership ability of not only its staff but also its clients and partners. And we aim to add more resources to help our stakeholders better lead through rapid change. This includes providing more diversity, change management, mindfulness and empathy training sessions that are accessible to all stakeholders so they might better succeed and make a difference in the organizations they serve. Tactically, this looks like facilitating conversations with respected thought leaders, sharing staff development programs among organizations and equipping our external and internal leaders with key mentors who can help them grow.



Christian Jacobsen, Founding Partner, The Many

We believe that focusing on building our own brand and agency processes will only further the success we have with clients, allowing us to continue strengthening our foundation for growth amid the sea change. We'll continue to invest back into the business, primarily to remain ahead of the looming economic instability. A large focus will be on developing a more robust training program for our team. This will help our staff be more effective and efficient. We are also mindful that disciplined consultancies are now significant players, and that is a huge challenge for all of us in advertising to improve.



John Limotte, CEO and Executive Creative Director, Mustache (part of Cognizant Interactive)

A priority focus for Mustache is continuing to work on being the best possible partners to our clients. Having a diverse mix of talented individuals has been what's propelled our growth here at Mustache since we began in 2010. We're always on the lookout for people who can come in and challenge the way we do things through their unique skills. Bringing on people who are excelling in their respective industries and having them channel their talent into content creation is one of the ways we set ourselves apart.



*Cristina Calvet-Harrold,
Founder and President,
CCH Marketing*

In our Orlando headquarters we are focusing on bringing in staff with more experience and training so they can take over more of the day-to-day operation of the business and allow me to spend more time on business development. We are also in the beginning stages of opening an office in the Midwest.



*Gina Michnowicz, CEO and
ECD, The Craftsman Agency*

Having a strong culture where people are continuously growing and honing their craft is of the greatest importance to us. We will be doing this in a variety of

ways next year. One example is adding an employee stock purchase plan that gives people the opportunity to have ownership and subsequent shares in the profits of the agency. We're also adding more training for our team and investing in technology capabilities to advance our services in the market to stay on top of trends.



*Erin Lentz, Executive Director
of Design, ArtVersion*

We're rapidly investing in team expansion to accommodate the demand for design consultancy. At the same time, we secured an extension of our headquarters, with quiet and huddle rooms, additional conference room spaces, and open floor collaborative space. Our Chicago experience lab is doubling up as well, to allow for all of the UX and UI work that takes place in various storefronts.



*Eric Fowles, CEO and Founder,
Voltage*

I'm investing in talent, specifically in creative and producer roles. We are calling them business leads—experienced account people who can offer top-level strategic thinking along with driving new business and client growth. We are also investing in saying no and not jumping at everything that comes our way. Sometimes you need that extra bump in revenue, and it takes discipline to say no in hopes of a higher return or better clients coming in the future.



TECHNOLOGY AND TOOLS

*Chris Neff, Senior Director of
Innovation, The Community*

We have been developing a new division at the cross section of creative technology and innovation called The Garage. From an investment standpoint, it is important to fuel invention and new practices, as it increases our versatility. Earlier this year, we launched Bridge Forecast, which uses machine learning to predict bridge traffic in Miami to aid commuters. This division sits at the intersection of science and creativity, where ideas need to be grounded in real practices and proper methods, but narrative storytelling and craft remain essential.

Steve Parker Jr., CEO and Co-Founder, Levelwing
In 2020, we will invest in technology, solutions and processes that allow us to work faster and with tight quality controls. The faster the industry is adopting



new media and content formats, the more it requires a focus on speed and quality simultaneously. This is especially critical when it comes to key events we are activating in 2020 for clients, none bigger than the Olympic Games in Tokyo, where timeliness, speed and quality are all tantamount to success.



*Jason Mitchell, CEO,
Movement Strategy*

Heading into 2020, we are investing in expanding our data and science team and capabilities. This team uses a stack of research and social listening tools to gain insights into consumer behaviors across social networks. We've found that our teams' ability to turn this data into insights that become actionable tactics and informed creative has been incredibly valuable.



*Marcelo Eduardo,
Founding Partner, Technology,
Work & Co.*

A continued focus is investing in our technology team. Strengthening our talent base in areas like back-end development and dev ops, and then pairing those skills with our existing teams—in front-end development, quality assurance, design, strategy and product management—allow us to ensure consistency and create the best end-to-end experience for users.



CREATIVE

*Josh Rosenberg, Co-Founder
and CEO, Day One Agency*

We are investing in creative throughout our organization so we can better generate ideas and campaigns that break through the screen and earn a reaction.



*J. Patrick McElroy, Executive
Producer, Sweetshop*

Sweetshop recently launched a new enterprise, called Sweetshop & Green, which concentrates on developing feature films, documentaries and TV

series. The company has a big focus on changing people's perspectives, while also increasing the cultural diversity of stories in our filmmaking and offering our directors broader opportunities. I think of the market as an ecosystem that no longer functions unilaterally and is strengthened when our creatives are problem-solving, expressing themselves and learning from a range of projects.



*David Coomer, Chief Creative
Officer, Cornett*

We're making significant investments in how creativity is distributed. We have two primary targets, one being each respective client's consumers, and the other being the algorithms in which the work is published. We're creating more episodic content for continuous engagement and ideas and experiences that move seamlessly through culture. While we've always had a multidisciplinary approach to creating big ideas for our partners, we see the value

in reverse-engineering the algorithms ultimately responsible for how ideas move through culture.



MARKETING, SALES AND STRATEGY

*Shai Reichert, Co-Founder,
Technology & Operations,
The Experience Design Studio*

As a growing company with two offices and a staff that has quadrupled over the past year, we are heavily bolstering our content marketing efforts with a frequent LinkedIn presence, blogging, additional case studies on our website, and awards submissions for our recent digital marketing, clinical trial and intranet work. With a focus on healthcare, we're examining how we can further enhance our expertise with investment in certifications and training across compliance, partnerships and systems.



*Andy Berkenfield, CEO,
Duncan Channon*

Duncan Channon is doubling down on our vision to help clients achieve their business goals in an increasingly complex and fragmented world of integrated marketing. Earlier this year, we acquired pioneering experiential, influencer and social marketing agency A2G to deliver on this vision. We recently hired our first chief integration officer to accelerate collaboration among our strategy, media and expanded creative team. In the coming year, we'll continue to invest in integrating our diverse capabilities to ensure that everything we do advances a singular creative vision that helps our clients grow.



*Lillian Brown, Head of
Strategy, Current Forward*

For Current Forward, 2020 will be all about creating experiences for our clients and developing the strategy-adjacent community in Austin, Texas. We're investing in new ways to deliver our work, how we show up day-to-day as partners, and unique products and services that truly meet our clients' evolving needs. Industry fragmentation and a focus on speed are negatively affecting the well-being of our peers, so we're investing in events that help foster community and provide a much-needed outlet for regenerative inspiration.

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Ad Age Studio 30 is a custom content studio that specializes in the creation of paid content that resonates with the Ad Age audience. To inquire about Ad Age Studio 30, email James Palma at jpalma@adage.com.

Opinion

10 WAYS TO BECOME A CREATIVE LEGEND

On his first day at TBWA, Chris Beresford-Hill reached out to many big-name execs for advice. Here's what they told him.

By Chris Beresford-Hill



Chris Beresford-Hill is chief creative officer at TBWA/Chiat/Day New York

In October of 2017, I landed my dream job when I became chief creative officer at TBWA\Chiat\Day New York.

The chief creative position can be a scary transition. Many chief creatives come and go and only a few build something great and become vital. Hoping to be the latter, I cashed in whatever goodwill I had and reached out to the best creative leaders I knew with an open question: Got any advice for me before I start?

On my two-year anniversary at Chiat, I'll pay it forward and tell you what they told me.

Jason Bagley, executive creative director, Wieden & Kennedy Portland
Jason wrote me an email that was like a step-by-step playbook, because he had just moved into a similar role at W&K. His advice was full of practical gold, including the reminder to overcommunicate your intentions and goals. People at the agency will make a narrative one way or the other and it's foolish to assume everyone knows what's going on in your head and heart. I think about this nearly every day.

Jeff Goodby, cofounder, Goodby Silverstein & Partners

Jeff invited me to "do it like nobody else" and "make sure you always feel like you're doing something vaguely naughty." I take this as rolling permission, as well as a reminder, to remain a creative person. For all of Jeff's intelligence and business savvy, you have to look only at how he answered the question to know that he feels more on the side of art than science.

Carter Murray, worldwide CEO, FCB; Susan Credle, global chief creative officer, FCB

Susan and I met in her office and Carter spontaneously stopped by. For a solid hour I witnessed how two great partners could energize all three of us. I've found my own relationship with

our President, Nancy Reyes, to be like that. All I can say is if you can find this you are really lucky.

John Patroulis, global chief creative officer, Grey

John's advice was, don't just work on the award-winners—spend equal time on the difficult stuff and set the tone for everyone. I have embraced this and often say that I spend my time on our best opportunities and biggest challenges—and if anything lives in the middle, I'll see it when it goes one way or the other.

Richard Brim, chief creative officer, Adam&Eve/DDB

Anecdotally, Rick Brimm is one of the kindest people you will ever meet, except that he is physically allergic to bad creative. You can be nice and also tough on ideas. And Dan Lucey (executive creative director at Joan) hates his own work once it's out the door. That's hardcore, but if you get too satisfied with yourself, you'll go stale.

Colleen DeCourcy, co-president, chief creative officer, Wieden & Kennedy

Colleen and I texted a whole bunch of times, but we could never seem to get together. I now understand a latent message in this, which is if you are all-in, it's best to give 100 percent of your "advertising time" to the agency. Which reminds me of the most impactful thing Mark Fitzloff (former partner/executive creative director at W&K) advised: "Make the success of the agency your obsession."

David Lubars, chief creative officer, BBDO Worldwide, and chairman, BBDO North America

David was the best boss I ever had. His advice was very simple: make as many decisions as possible. My build is to orient myself toward whatever is most creative and welcome the endless decisions and other input I can offer in that direction.

Gerry Graf, founder, Barton F. Graf

Gerry is unafraid to push the envelope and also trusts himself. In creative reviews, if he loved your idea, he would take the piece of paper out of your hand after you read it and say "Yahtzee!" and that was it, that was the idea we were doing. I liked that. I try to do that.

Rob Reilly, global creative chairman, McCann Worldgroup

Being afraid of failure is not a great look for a leader. Rob's take is that it's going to be awesome and if you say it and believe it, others will, too. Case in point, he told me a lot of things and at one point just repeated "it's going to be awesome" a couple times. I think he might have willed at least some part of the agency's success.

So what's the net net of all of this?

Each one of these leaders has their own specific super power. Said plainly, the very best are most like themselves. As each of them was giving me advice, what they were really doing is showing me who they were: David makes things happen, Gerry knows it instantly, Rob is a force of nature, Susan gives energy, John leads everyone, Jeff is mischievous ... and so on.

Moreover, every single one of them finished with "just be yourself." And that is the magnificent truth: Whatever got you this far, there's a good chance your superpower is driving it. So discover what you do uniquely well and let it propel you and the work and your agency.

Finally, if you were curious what advice I have to offer, it's to be kind. Bigger than any spark of genius or force of will, I have discovered that when we make each other our No. 1 priority, the work and the business have followed. **AA**

CAN GREAT MARKETING SAVE A BAD PRODUCT?

As it turns out, consumers are loyal to brands that are equally loyal to them

By Ben McCraw



Ben McCraw is chief design officer and co-founder at Accomplice

Upon launching his new company, Skewed Productions, Marcus Engman—Ikea's former head of design—said, “I want to show there's an alternative to marketing, which is actually design. And if you work with design and communications in the right way, that would be the best kind of marketing, without buying media.”

Lately, the market has been inundated with companies that seem to build products for themselves, and not for the people who use them. We've all seen it before: beautiful restaurants that serve mediocre food or charmingly branded apps that feature frustrating user experiences. The story's all the same: Too often, folks are more interested in talking up their product's greatness instead of investing their time into making it great. And when a product's story is driven by flashy pitch decks and loud marketing, one thing becomes clear: It was built with ego, not elbow grease. It's an obvious short-game approach.

Building a product that provides actual value can be challenging. But companies of lasting value aren't built on foundations of flashy marketing and gimmicky taglines. Thoughtful product design lays a cornerstone for truthful and potent marketing that champions a great product. And if entrepreneurs put in the work where it counts, it pays big for all parties.

Not sure where to start? Here are three ways to catalyze the value of product design for your brand.

Listen, then build

The best business strategy isn't about creating a product that serves your business; it's a more sustainable notion: building a product focused on serving your customers. To do this, brands must first focus on solving a problem or adding value.

When Georgina Gooley launched Billie Razors, she didn't just envision a future where women were free of the “pink tax.” To bring this vision

to life, the Billie team knew they'd need to get their razors right the first time. Near-exhaustive research from early stages of product development showed that failed suction-cup shower holders and popular razor designs that caused razor burn were common points of frustration. So rather than design beautiful razors that didn't solve functional problems that customers faced, Billie set out to create a razor that did its job, delighted its users, and wouldn't fall off the wall.

The moral extends far beyond disruption in the shower. Billie's product design team knew that it would never be able to glean important insights that would create a better experience for users without evaluating the current experience itself.

Help your users trust you

All customer relationships with brands, regardless of industry or segment, are built on trust. And when trust is strong, brand loyalty is better than ever. But if users have reason to doubt a brand or haven't experienced an engagement that makes the product or service worth it, they'll soon be on the lookout for other options.

Take PayPal's buyer protection, one of the most compelling features that keeps users happy. Essentially, Buyer Protection ensures that when disaster strikes, users are eligible for a full refund with almost no questions asked. PayPal makes a point to ensure users feel secure in using their platform by offering peace of mind. PayPal knows that users are loyal to brands equally loyal to them.

Applause fades, but value persists

Often, misalignment in business objectives becomes readily apparent when initiatives backfire. The entire brand suffers if independent disciplines don't work together. Take product design and marketing. Although the two are unique in workflow and



Off the wall: Billie addresses real pain points.

execution, lack of integrity in a product's design creates an impossible task for marketing: saving a product doomed to fail from the start.

In 2014, Google X released Google Glass, a new and innovative piece of wearable technology dreamt up by a team of Google advisors, experts, and executives. Pre-launch, the sleek, space-age glasses became the talk of the town, receiving shoutouts from celebrities and a Vogue spread. But when the honeymoon phase ended and real users finally got their hands on the wearable, it was deemed one of the worst products of all time.

What happened? Disconnects between Google's product development and marketing teams during the production and rollout of Google Glass led to blind spots in the user experience that bled into the overall campaign strategy. The takeaway: A bad product can't be resuscitated or glossed over by even the most aggressive of marketing campaigns.

I'm with Marcus Engman on this one. If your brand puts in the hard work of delivering value, your product becomes your marketing. The real home run? Products that consistently deliver on their promises, and businesses that operate with integrity. You can't buy better marketing than that. **AA**



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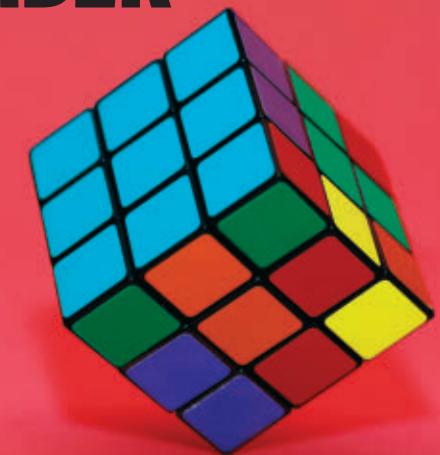
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GERONIMO!

By Brian Braiker

Sometimes an ad gets just a little too truthful for its own good.

By the time this 1972 full-pager for Benson & Hedges 100's ran in *Life* magazine, smoking was widely understood to be associated with a range of serious diseases. So, sure, let's equate using our product to jumping out of a plane.

Bought by Philip Morris in 1958, Benson & Hedges is a British brand and still a subsidiary of the American conglomerate Philip Morris International. This ad was part of a larger "favorite cigarette break" campaign that leaned into the fact that Benson & Hedges offered longer cigarettes at the same price point, so people kept accidentally snapping the suckers in two. "Nobody had ever mutilated a cigarette before in American advertising—cigarettes, like automobiles, had always been treated with reverent respect by their manufacturers," Mad Woman Mary Wells Lawrence wrote in her 2002 memoir "*A Big Life (In Advertising)*."

"Anything anti-establishment seemed smart in the mid-'60s, so our advertising made Benson & Hedges wildly hip and cool and the cigarette to be seen with." (Lawrence, the first female CEO listed on the New York Stock Exchange, is still alive at 91. Must not have been a smoker.)

But the times? They are a-changin'. Benson & Hedges parent PMI was in the news last week as merger talks between it and Altria Group, another American purveyor of cancer, broke down. Altria itself holds a minority stake in Juul Labs, the embattled e-cigarette maker that is under scrutiny for its vaping products. Also last week, Kevin Burns, the CEO of Juul Labs, announced that he would be



stepping down—only to be replaced by a tobacco executive. Please make sure your seat backs and tray tables are in their full upright position and that your seat belt is fastened.

Juul has been having about as a good a time as our free-falling friend in this ad: At least nine people have

died around the country from mysterious vape-related lung illnesses in recent months. Juul had also been under scrutiny for heavily marketing on social media and targeting kids. The company had promised to help wean folks off cigarettes, but came under fire for allegedly containing

more nicotine than cigarettes. Last week Juul announced it would stop all marketing in the U.S.

So smoke 'em if you got 'em, fellas. Just pray there's a parachute in that knapsack. **AA**

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