



VOXCOMM ISSUES RED ALERT TO THE INDUSTRY IN RESPONSE TO KEURIG DR PEPPER'S 360-DAY PAYMENT TERM REQUEST

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Global consumer products giant Keurig Dr Pepper is currently running a PR agency search in the United States, where part of the ask is for agencies tendering to accept 360-day payment terms. Those that cannot are being offered the option of financing, at their own cost, through Atlanta based, Prime Revenue.

Keurig Dr Pepper's brands include 7up, Canada Dry, Sunkist, Schweppes, Snapple and, of course, Dr Pepper. They also manage at home coffee products for Cinnabon, Krispy Kreme, McDonalds, and Newman's Own Organics.

"This is an egregious display of corporate bullying by Keurig Dr Pepper. Agencies are not banks and simply cannot be expected to finance a clients marketing budget," said Scott Knox, Director of VoxComm and President & CEO of the Institute of Canadian Agencies (ICA). "Shareholders of the corporation should be holding the leadership to account, especially when their own supplier Code of Conduct states that they are "committed to high standards of ... ethical conduct."

"Keurig Dr Pepper's website publicly states a commitment to equality, how does asking a business a fraction of the size of theirs to bank roll marketing activity for a year create a culture of equality?" Knox continues. "There will be agencies owned by people of colour, LGBTQ+ and other diverse creatives that, because of the inequity that already exists in business, will never be able to afford to adhere to 360-day payment terms."

VoxComm has previously highlighted statements from the US and global brand associations that challenge this extended payment terms practice:

"Extended terms often come with consequences, including strained relationships with vendors, reduction in flexibility, and higher prices. ...the business models and livelihoods of smaller players in the marketing supply chain can be threatened by extended terms. Such companies are not banks."

- Association of National Advertisers' (ANA) Payment Terms report, March 2020

"It cannot be in clients' long-term interest, when reputation is so critical to ensuring you can work with the best possible talent, to unfairly extend payment terms."

- Stephan Loerke, CEO, World Federation of Advertisers (WFA), May 2020

"I'll be perfectly blunt: I think there are situations which are unfair and cross the line, and I am not a proponent of continuing to extend terms. There are some situations which have broached into unfair territory and there needs to be a reckoning between clients and agencies to what is reasonable and sustainable over the long term and stick with that."

- Bob Liodice, CEO, Association of National Advertisers (ANA) Campaign, May 2020



VoxComm reached out to the marketing and procurement leadership at Keurig Dr Pepper to discuss that it is not in their best interests to set this financial expectation.

“If, as they should, they expect excellence and innovation, driving the growth of their brands, starting a partnership in this way with any agency is counter intuitive,” said Tamara Daltroff, President VoxComm and CEO of the European Association of Communications Agencies (EACA). “VoxComm is here to help guide their thinking for the best outcome for their brands and shareholders.”

Unfortunately, during talks with Keurig Dr Pepper the corporation confirmed that it would not change the direction of this review and felt confident in its partnership arrangements and processes.

ABOUT VOXCOMM

VoxComm is the global voice for agencies, championing the value that agencies bring to their clients as turbo boosters for growth.

We stand for the power of commercial creativity in all its forms – across strategy, ideas, content and media – as a proven lever for growth that businesses neglect at their peril.

We stand for creativity at the heart of the application of data and new technologies, not as an afterthought – agencies and clients should be running towards creativity, not away from it.

We stand for agencies as indispensable business partners, bringing outside perspective, cross-category insights, provocation and a breadth of specialist expertise to their clients.

We stand for partnership, new agency models, and creating an environment where agencies can flourish, and clients can benefit from the unique business value agencies can deliver.

We stand for better ways to procure and compensate the kind of added value, talent-based services agencies offer, and will work with agencies and clients to deliver these.

We will promote good practice, but speak out where we see bad practice, value-destroying behaviours to the ultimate disbenefit of our clients, as well as agencies.

And we will do this together, as a global partnership, sharing our resources and best ideas, because the challenges to the unique business value that agencies can deliver are the same everywhere, in every market and region, on local assignments and international ones.

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