

media

The Marketing and Communications Newspaper for Asia

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THIS WEEK



Can Sony regain lost turf in race with iPod?



Creating magic outside the tent



Finding a way around Thai curbs



Showing how Media works

J&J agencies switch payment model

Mike Savage, 11 February 2005



Johnson & Johnson... Asia rollout

Johnson & Johnson (J&J) has become the latest multinational to link remuneration in Asia to its agencies' performance.

The US healthcare giant, which has already introduced performance-related remuneration in other parts of the world, started shifting its Asian agencies to a fee-based system this year. The shift affects J&J's main creative partners in the region, DDB, Lowe and McCann Erickson as well as its regional media agencies, Initiative and Universal McCann. The agencies' new contracts are thought to include sizeable incentives tied to what are believed to be challenging but achievable targets. "It also allows us more control of media in our solutions," said an agency source. Neither J&J nor any of the agencies would comment on the specifics of the deal. About half of MNCs operating in the region are now thought to have instituted performance-based rewards for creative agencies, though only a third are estimated to offer similar arrangements for their media partners. Greg Paull, principal of R3, the consultancy that helped migrate the agencies to the new system, said he expected virtually all MNCs to operate performance-related relationships in the region by the end of the decade. "Commissions are for estate agents," said Paull.

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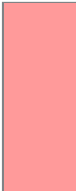
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