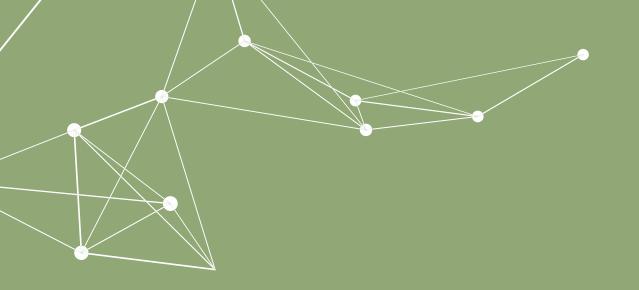


State of Creativity:

EVOLUTION

The global creative industry is strong at continuous adaptation.

But is it possible to keep making meaningful creativity at lightning speed?





"It's an exciting time to be a creative. Scary, confusing, and at lightning-speed sometimes, but exciting."

DIRECTOR | CREATIVE AGENCY



Welcome to the State of Creativity

This second edition of LIONS' global study reveals the pulse of the industry. We've surveyed over 3,300 industry experts to help you understand the challenges, opportunities and priorities facing creativity today.

How to use this report

We've identified the most pressing issues your peers are tackling to help update you on the priorities that the creative industry is facing.

Use these insights to help inform and reaffirm your planning and decision-making in the year ahead.

We've also analysed the sentiments and most urgent challenges from all sectors of the ecosystem to provide you with five key focus areas for 2022.

Use these actionable takeaways to address these focus areas in your business today.

In the final section, follow the links to further reading for more information and insight on how businesses are approaching these new priorities, with examples and frameworks to inspire your creative thinking.

LIONS Methodology

This report is based on three key inputs:

- A global survey of over 3,300 marketers, creatives, media owners, tech specialists and creative education bodies from 102 different countries
- One-on-one interviews with over 50 global CMOs, creatives and industry leaders
- Advice from creative leaders and Lions winners from Cannes Lions 2021





The Critical Issues

The constant need to change, stifled creative freedom and the talent crisis are the challenges that dominate the industry's thinking in our second annual analysis of the creative landscape. Use this review of your peers' attitudes and approaches to creativity in the post-pandemic world to help you understand what challenges to address today, and how.

Get comfortable in a state of flux

Versatility and adaptability have become non-negotiables. In 2022 your collective voices point to an industry that is now attuned to the natural rhythm of 'beta-mode' - where change is constant. Most critically for this industry, this is driving experimentation.

As you explained, "it's evolving, constantly evolving." The state of creativity is "in a constant state of flux", "diversifying and metamorphosing to adapt to the new democratic, digital landscape".

This constant state of evolution and revolution has emerged from your kitchen-table creativity and digital dexterity during the pandemic. It's clear that the industry is more comfortable living in this constant state of full-throttle change.

Beat the talent war

The Great Resignation is forcing businesses to double down on how they inspire and nurture creative talent - and this is particularly true for an industry that depends on its people and their ideas.

Over half of brands and agencies said securing talent, skills and capabilities was the most challenging aspect of transformational creativity to deliver. Of the eight different factors presented (including beautifully crafted ideas, and impactful brand purpose), 56% of brands and 55% of agencies agreed this was one of the biggest obstacles to overcome.

"We're in a reset moment, about to start from a clear canvas again"

Director | Creative Agency

Double down on strategy and impact

Convincing stakeholders to invest in creativity was the biggest challenge cited by agencies, production and media companies alike. The industry needs to find a better way to frame creativity's value in business - a key reason why 86% of creative partners believe it's most important to upskill talent in strategic creative thinking. "We need to learn more about how to measure creative impact itself and communicate it to others in ways relatable to them" as one designer wrote.

Creativity is most impactful when it solves problems - so unearthing the right problems to solve is vital. In summary, "there is a renewed focus on strategy. The ability to ensure your creative skills are pointed at the right problems in the right way through strategy is more important than ever."



Your action points

Prioritise these focus areas as part of your strategy for 2022 to help deliver value but drive efficiency.

Create a culture that agrees upon what success looks like.

82% of brands and 78% of brand partners still say that understanding creative effectiveness is very important to upskilling the workforce in 2022. To fuel a booming effectiveness culture, you believe agencies and brands must actively assess and agree upon what success in effectiveness looks like.

Explore and experiment with the metaverse, and bridge it to the physical world.

Your interest in the metaverse is substantial; 67% of brands and 55% of creative partners say understanding the metaverse will be very important or critical in 2022. You told us businesses are looking to unlock new forms of commerce and connection as hybrid experiences evolve. Be wary of the hype, but be sure to follow the developments. Spend time getting to know the platforms, trial ideas with smaller communities and keep an eye on what the competition is doing.

Harness creativity to set a new standard for sustainability or risk being left behind.

85% of creative partners and brands agree creativity driving sustainability will be critical in 2022. You keenly voiced that disruptive action is needed now if we are to save our planet. Keep raising the bar. Keep seeking out solutions instead of simply highlighting the issues. The industry should continuously be solving problems with its products and services, not contributing to them.

4

Fight against the Great Resignation by prioritising a people-first culture.

56% of brands and 55% of creative partners say securing talent is the most difficult aspect of transformational creativity to deliver today. The great resignation and reset requires radical reflection - and all of that is going to take time. You collectively call for the industry to invest more time in developing talent, be more flexible with working methods, and prioritise mental health.

Revisit your creative processes to reclaim creative confidence.

Only 10% of brands are extremely confident in applying commercially successful creativity today. You told us that a collaborative and open-minded culture that welcomes experimentation and failure would improve this, as would making expectations fall back in line with the set budgets and delivery timelines.



THE SENTIMENT TODAY

Where are the tension points?



Creatives want more freedom

Bold and category breaking ideas were cited as very or extremely important to 75% of brands. However, these ideas require more time for experimentation and more freedom to take risks. Many agencies call for "more freedom" and for clients to have an appetite for "bigger, more bold moves".

Lion-winning work, such as Wombstories by Essity and AMV BBDO London, shows that a trusting client-agency relationship that doesn't fear risk – and builds in time to test new approaches - is crucial in achieving groundbreaking creativity.

ESSITY 2021



AMV BBDO LONDON

The industry still lacks diversity of thought

We still don't have the right combination of creative and strategic minds. Many people said that the industry is lacking critical, lateral and design thinkers. We need "more diverse teams with different points of view".

The pressure is now on for leaders to bring together teams with different abilities, skills, viewpoints and lived experiences.





MCCANN TEL AVIV



There is an oppressive need for speed

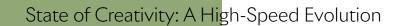
You told us there is a massive conflict between efficiency and effectiveness. Now is the time to find more effective ways of working where technology can support some of the heavy lifting, which in turn will enable creatives to produce work more quickly.

One brand marketer acknowledged the pressure on agencies, saying "they hardly get the headspace to work on exceptional ideas".

Is it possible to sustain this high-speed working while ensuring quality doesn't slip? Or does it come at the cost of something else?

"The challenge I see is the same thing over and over - quality, cost and speed. You can almost never have all three. When you have speed and quality, it will cost you. When you have speed and low cost, it will rarely be great".

DOUWE BERGSMA
CHIEF MARKETING OFFICER
PIEDMONT HEALTHCARE





WHAT SHOULD YOU FOCUS ON NOW?



FIVE TAKEAWAYS FOR 2022

Our research set out to identify the most urgent focus areas and opportunities for creative and marketing leaders.

These are the top five take outs that shone through in the research:

Crack the demand for effectiveness through an aligned culture and agreed goals.

Investigate the commercial value of virtual worlds - and bridge them to the physical.

Use creativity to set new standards for sustainability.

4

Put people first in the talent crisis.

Bring more honesty and open mindedness into the creative process to reclaim creative confidence.



Crack the demand for effectiveness through an aligned culture and agreed goals

The impact creativity can have on business results has already been demonstrated, so why are 41% of brands still struggling to convince stakeholders to invest?

Many of you want a "greater understanding of creative effectiveness". You know that brand-building is more effective than short-term goals, but there is a different problem at hand now.

82% of brands and 78% of brand partners still say that understanding creative effectiveness is very important to upskilling the workforce in 2022.

It's time to look beyond metrics and short-term wins and build a corporate culture based on a pursuit for success.

You told us you want a "better creative culture" and "to stop siloed approaches to working". You want a "better understanding of what drives the business" and more "knowledge of effectiveness".

Creative effectiveness cannot thrive until brands and agencies have a shared understanding of what it means.

Everyone - finance, marketers, creatives, tech and media employees - must agree on how creativity contributes to business success.







ANN MUKHERJEE CEO | PERNOD RICARD NORTH AMERICA







Businesses must commit to a culture of effectiveness. Spend time developing a shared understanding of what effectiveness means and run that through every bone in your business. What are the KPIs? How does every team feed into them?

Identify the the problem that stands in the way of a brand's progress and agree on how creative work will contribute to success.

2. Build a constant feedback loop into your creative process.

To ensure efficiency and effectiveness, work feedback into the process. It gives creatives a more concrete direction and ensures that the final asset is the best possible fit.

3. Reduce your focus on the short-term.

Effectiveness is not an exercise in being cheaper and quicker. Demonstrate impact over a longer period of time.

4. Spotlight success stories.

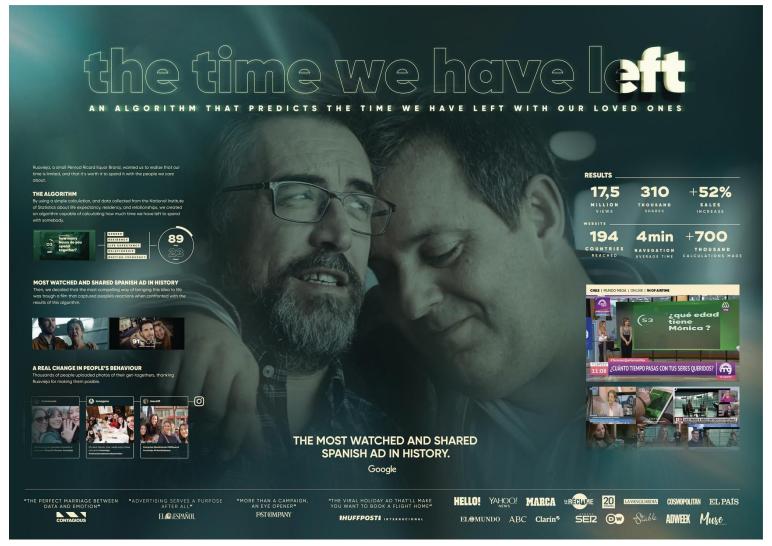
Lean upon other case studies showing sales lifts and "examples of creativity creating competitive advantage". Create a centre of excellence internally and with clients to explore best practices from best-in-class work.

. Set effectiveness goals beyond numbers.

Creatives must not forget the "power of human stories". Effectiveness goes beyond views, clicks and impressions. Truly effective work connects with people on an emotional level and changes behaviour. There is a longer term opportunity in appealing to underlying consumer needs over time.

Just like Pernod Ricard's The Time We Have Left...

THE TIME WE HAVE LEFT 2021



PERNOD RICARD

With our busy lives getting in the way of spending time together, sales were declining for liquor brand Ruavieja. They realised that the key to fixing this business problem was to get people to start taking the time to connect meaningfully with loved ones. This was more than an ad campaign, it created a measurable service where engagement could be tracked alongside sales.

- 52% Sales Growth
- 12% Increase in Consumer Baseline



Investigate the commercial value of virtual worlds - and bridge them to the physical

Over half of brands agree that the metaverse will be important or critical in 2022. You want to know "how far and how fast" this space will develop and what the impact will be on creative culture.

As it stands, the metaverse is still a bit of an ambiguous, high-concept idea. It's still evolving at speed. Creative ideas that work right now, might not in the near future.

Curiosity around the opportunities inside virtual worlds is gaining pace. Both brands and agencies are intrigued, but unsure on "authentic ways to enter the space". Brands are sceptical about the value for different sectors, and whether opportunities are scalable. But they don't want to be left behind.

There has been a significant growth in gaming in Lion-winning work. 13% of Grands Prix awarded at Cannes Lions 2020-2021 had a gaming or a gamification component, up from 8% in 2019.

Gaming is a considerable growth area. The industry is worth more than the film, sports and music industry combined (source: NPD Group) - and it is where we are seeing some of the most exciting examples of innovation. Be careful though, as rushing your entry into the space might do more harm than good.

56% of brands and 67% of non-brands said creativity in gaming will be critical or very important in 2022.

Here is a Lion-winning example of getting your entry point right.

In many countries, media is controlled and free information is hard to access.

Reporters Without Borders created a loophole to overcome censorship by building a safe place for uncensored press. Where? Inside one of the world's most successful video games, Minecraft.

THE UNCENSORED LIBRARY 2020



REPORTERS WITHOUT BORDERS



"Experimentation on the gaming platform is great but the bar is so high. The digital craft is incredible and the creative is first-class. So what you do has to be relevant and remarkable. Otherwise gaming will just become a landfill."

JAX OSTLE-EVANS

MANAGING DIRECTOR | STINK STUDIOS

DIGITAL CRAFT LIONS JURY PRESIDENT



The advancement of technology supporting the development of the metaverse will help the creative industry move at the speed now expected, but it is still under development. Ideas that work today, might not work tomorrow. To get the best out of the platforms you must stay alert, monitor how they're evolving and experiment.

Here are a few things to consider when you are planning your next move:

. Build an extension of the real world, rather than trying to escape it.

Create marketing experiences that tie in with real-world experiences or parallel what your brand already does in real life. Right now, industries such as fashion and events are extending more easily into the metaverse. Out of all the brands surveyed, the fashion industry rated understanding the metaverse as most critical.

\angle . Become a part of the community.

Immerse yourself in the virtual world and its community. Learn how people use the platform and what motivates them. Identify where, if at all, your brand might fit authentically.

3. Be ready to invest more time than usual.

These virtual worlds are still very much an unknown. Contrary to the industry's desire to perform at pace, the virtual worlds will require creatives to invest more time. Lion winners show that those willing to spend time on platforms first will see better results.

"Gaming ideas develop at a different pace from normal ideas... you need to be patient to make the whole thing unfold and reach people."

+. Ensure messaging feels native to the platform.

The metaverse is still new. Brands don't fully understand the technology. Plan your placements well and make sure messaging feels natural and well-integrated in the environment.

. Explore opportunities beyond entertainment.

The metaverse has the potential to be a space for education, discussion and commerce; interest in NFTs and what role they can play is strong. Investigate how you could use this virtual space beyond the realm of pure entertainment.

Consumers will see straight through artificial attempts to get their attention. So only use gaming as a part of your plan if its relevant to your brand, product and audience.

SUPER WENDY'S WORLD 2021



WENDY'S

'Super Wendy's World' by VMLY&R Kansas City was a prime example: the fast food restaurant chain's red-plaited brand mascot became a regular on Twitch as she played the games that are important to Wendy's heartland audience.



Use creativity to set new standards for sustainability

You told us that sustainability is driving your agenda for 2022.

85%

of respondents said that creativity centred around sustainability is either critical or very important to business today.

But sustainability can't be solved with quick fixes. The challenge now is building impactful solutions at the pace the world needs.

Brands and agencies can no longer plaster over the cracks with sustainable messaging, they must come together and use the power of creativity to solve critical problems.

The amount of work with an environmental focus entered into the Lions increased from 7% in 2018 to 12% in 2021.

But Sustainable Development Goals Lions Jury President Eduardo Maruri said,

"we still have some homework to do."

42% of the work entered for the Design Lions was geared towards environmental problem-solving. This work by Notpla didn't just tell people not to drink from plastic bottles, it gave them a solution.



SUPERUNION LONDON

Notpla is a revolutionary, seaweed-based material that naturally decomposes in weeks rather than the 700 years for plastic.



"Reduce, reuse, recycle is no longer enough. We have to rethink, repurpose, reinvent and reimagine. We have to constantly set new standards for creative solutions"

CO-FOUNDER & CHIEF CREATIVE OFFICER IURY PRESIDENT | DESIGN LIONS



Even if it means putting profit on the line in service of purpose, the creative industry must set new standards for sustainability. It cannot simply be tacked on at the end of a brand campaign. Battle through the pressures of a fast-paced industry and focus on permanent fixes, as these will have a greater pay off.

Here's what you can do:

. Solve problems with design thinking.

Design thinking is considered a promising approach to finding creative and sustainable solutions to environmental problems. To be successful you must approach the creative concepting and design phase with environmental impact in mind.

Take a look at how H&M Looop has set a precedent by creating the world's first in-store recycling system turning old garments into new ones.

2. Form alliances that drive the agenda.

Collaborations that help drive positive change and accelerate growth are imperative. There is an opportunity for more brands to partner. Consider who you can join forces with to scale up ideas.

Solution. Be fearlessly transparent.

Embed it in your DNA. Put your supply chain in the public eye. Make every part of your footprint traceable. Are you willing to answer any question consumers have?

$\stackrel{\longleftarrow}{+}$. Build a roadmap.

Permanent solutions can't be developed overnight. Roadmap your journey to a more sustainable offer and set yourself key milestones where you can check your progress, and hold yourself accountable.



Put people first in the talent crisis

The survey uncovered two tension points when it comes to talent:

- 1- Flexibility
- 2- Development

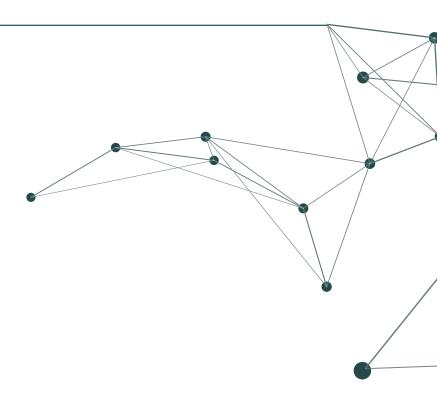
Redundancies and the search for flexible working has left companies facing pressing staff shortages. To reset this Great Resignation, the industry must fight the pressure of quick fixes and commit time to addressing these tension points.

Agencies are struggling to **attract, motivate** and **retain** skilled creative talent. Over half told us that securing talent was very or extremely challenging to deliver.

As a result, **79%** of agencies cited working styles and environment as critical to future knowledge or wanting to learn more. And **70%** said that personal development is a very or extremely important area to upskill workforce in 2022.

"As an industry, we are witnessing a significant churn. People are asking themselves why are we doing this, where's this going. The great resignation is real for us. They are speaking to their bosses about their mental health and the need for flexible hours."

JOSY PAUL CHAIRMAN AND CHIEF CREATIVE OFFICER BBDO INDIA





These areas need development

Creatives feel undervalued. The lack of opportunities to grow their skills due to the volume and pace of work is likely contributing to the talent crisis.

Here are the main skills and behaviours falling short. Are you carving out enough time to provide development opportunities for talent to support their needs?

Fearlessness

The industry wants more risk-takers and more leaders who embrace failure. What training and changes to internal culture can be made to support this?

<u>Time</u> **Management**

Creatives need more time if they are to deliver the standards expected. They agree that more time upfront to properly develop the strategy and idea will lead to better results in the long run.

Business Acumen

"many creatives consider

themselves artists when they

should be social scientists

with a commercial and

creative mindset"

The industry lacks people who think

As one junior creative said,

commercially.

There is a shortage of people with the tech and digital skills the industry now requires.

Tech Skills

Emotional

<u>Intelligence</u>

"I think a lot of people lack the ability

to leverage emotions to their advantage.

Kindness, empathy, humility, gratitude, and

self-awareness are just a few traits to name

which are massively important in the success of

creativity, but often overlooked because of

our traditional way of approaching

creativity or business at all."

SENIOR MANAGER | FILM PRODUCTION

Data Savviness

Many agreed that the industry must get better at "applying data to creative work"

Creatives have lost the "desire to win and ambition to be the best".

Supporting the development of some of these areas could help creatives get their mojo back.



"If we don't continue to prove that creativity directly affects the bottom line of business, we won't get the investment. If we don't get the investment then we won't pull in the talent. If we don't pull in the talent then it's a slippery slope to where the industry will, I think, need a lot of help"



CHIEF CREATIVE OFFICER | FCB GLOBAL



The survey revealed many of you want to work in a people-first culture. You want the development of employees to become a priority. This emphasis will help grow the skills required to adapt to the industry's pace.

Here's how to get started:

. Put money into growth opportunities.

People want to to be shown the "skills of tomorrow's world". Invest in resources, new technologies, training and coaching.

One respondent said they need:

"More recognition of the creative value of teams. More training and access to creative innovation. As well as options to share experiences and knowledge with other creative partners. More time to think through concepts and ideas and research the best execution for them'

SENIOR MANAGER | RETAIL BRAND

2. Create an open environment that nurtures creativity.

Make test and learn a part of the process, and embrace the failures along the way. You must "listen to and be open-minded about your employees' creative ideas".

3. Be fluid and flexible.

Hybrid is here to stay. People want to use the office in a way that makes them most productive so "maintaining and accelerating culture and creativity with hybrid working" is key.

4. Prioritise employees' mental health.

Mental health and having time to unwind appeared essential throughout the survey. As one person said, we need to learn to "shut down and embrace the calm of not working".

Bring more honesty and open mindedness into the creative process to reclaim creative confidence

Brand marketers see the value of creativity, but confidence in the ability to apply it is low. In 2021, 67% of brand marketers told us they see creativity as an extremely valuable competitive advantage in business.



However there is a gap between creativity's perceived value, and confidence in using it.

The agency view:

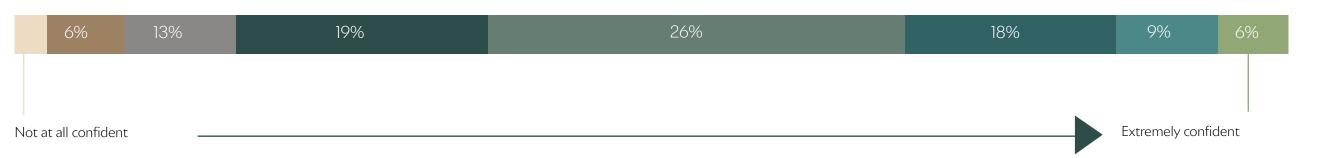
Only 8% of agencies said they feel extremely confident in convincing clients to invest in high-quality creativity.

How confident do you feel in convincing your clients to invest in high-quality creativity?



Only 6% of agencies felt extremely confident in their clients' ability to apply commercially successful creativity today.

How confident do you feel in your clients' ability to apply commercially successful creativity today?



This lack of confidence is in part due to the size and scale of the task at hand. Compared to 2021, agencies are more regularly working on a variety of digital transformation initiatives with clients.

How regularly do you work on digital transformation projects with clients: Design of new customer experiences (Always +6%) Creation of new products and services (Always +3%) Applying new technologies (Always +1%) • Transformation of a brand's purpose (Always + 5%)



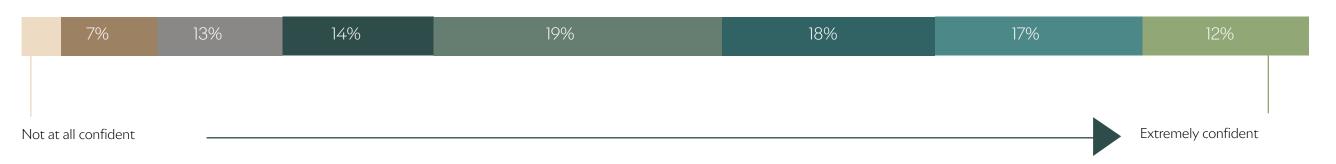
Bring more honesty and open mindedness into the creative process to reclaim creative confidence

The scale of requirements for creativity has enormously increased, but the budgets, time and creative process have not been adapted to accommodate the work. As one agency leader noted "We need to dedicated more time to finding innovative solutions. When you constantly don't have enough time you end up just scratching the surface."

The client's view:

Clients say it's more of an internal struggle. Only 12% feel extremely confident in convincing the CFO to invest in high-quality creative.

How confident do you feel in convincing your CFO to invest in high-quality creativity?



When the creative investment does come, the ROI is scrutinised, and there are too many sign-offs. Brands want "fewer layers in decision-making" and "to move past the rigidity and insistence on going by per-ROI assessments." More budget and braver leaders would give them the "freedom to fail".

What brands and agencies need to improve confidence: • Trust in creative teams - not approvals by committee Understanding and agreement on measurement opportunities that don't limit creativity Better knowledge of how the creative process works An open-minded culture



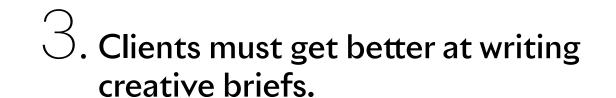
The time and budget you have for projects is shrinking, but the scale of expectation is growing. This is sapping creative confidence. It is time to take back control of the schedule - and the creativity.

Here's how:

You told us you want "fewer layers in decision making" because there are "too many stakeholders who aren't educated in marketing". Simplifying this process means more time for coming up with a creative idea to have confidence in.

2. Create an open-minded culture.

You said an environment that will "consider all ideas as valid, regardless of the position of their creator" is key.



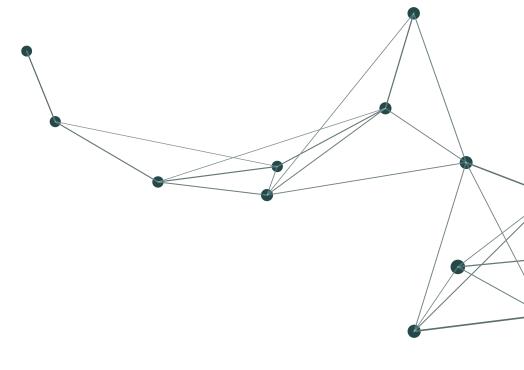
Most creative agencies feel that briefs are unclear and uninspiring. They want a "better understanding of the strategic points underlying the creative brief".

One agency freelancer said that creative confidence will require:

"More honesty from agencies" and "more trust from clients"

4. Embrace experimentation.

Many of you said that confidence comes with the ability to trial ideas. You want "empowerment to experiment in this ever changing marketing landscape". If you are a leader, consider how you can support your team to embrace a test and learn mindset where failure is an opportunity to learn.





FINAL THOUGHT-STARTERS

The industry is fast-paced, but the current landscape demands a new break-neck speed. There is friction between the need to charge forward and a demand for more effective, more thoughtful solutions that take time. To help you embed steps to address the focus areas outlined, here are five final thought-starters:

On the demand for effectiveness...

Include long-term metrics.
Outline your agreed KPIs with at least one measure that tracks the creative work's impact beyond six months.

On virtual worlds...

Think strategically before you dive in. Emerging gaming platforms and the metaverse don't lend themselves well to 'one-and-done' campaigns.

On sustainable initiatives...

Apply sustainable thinking to every single brief. Question how you can reduce your carbon footprint, or use more sustainably sourced materials. Take regular small steps and be transparent on your progress. Sustainability needs permanent solutions with habitual change.

On putting people first...

Promote radical reflection on what employees actually want. Whether it's quiet hours and meeting-free times for concentration, or better hybrid solutions - take the time to understand the details of what people need to deliver their best creativity.

On creative confidence...

Give all ideas a moment of recognition, no matter the level of the creator. Regular appraisal and constructive criticism will help improve knowledge on what ideas work, and don't work - and ultimately build creative confidence.



Further Reading:

Investigate the commercial value of virtual worlds - and bridge them to the physical

'Making the Metaverse' looks at the changing interaction of today's digital touchpoints, exploring how virtualisation has integrated itself into the next phase of transformation and what businesses should expect next from the metaverse realm.



Crack the demand for effectiveness through a shared culture and agreed goals

Since the pandemic, more and more brands have taken a hands-on approach to solving business problems. With insights from Havas, 'Purpose in the Post-Covid World' explains why consumer cynicism has peaked and what factors are driving business survival today.



Use creativity to set new standards for sustainability

With brands feeling the pressure of the world's most urgent problems how can we use creativity to set new standards? 'Creativity x Sustainability' looks at how Sustainable Development Goals (SDG) Lions winners have demonstrated new styles of creative thinking to change consumer behaviour and create impact through action.



Put people first in the talent crisis

The willingness to accept all ideas creates momentum and innovation. Creating a people-first culture is vital if you want diversity of thought to exist across the whole business. 'Exercises to Support Creative <u>Collaboration</u>' is a great tool for this, helping your team strengthen its foundations with trust and empathy - the key drivers of collaboration.

Bring more honesty and open mindedness into the creative process to reclaim creative confidence

Good leadership is more important than ever, but also harder than ever. Executive Coach, Alison Chadwick, provides 5 practical top tips in 'The Expert Guide in Creativity Leadership Today' helping to sharpen your skills with best-in-practice examples that have paved the way for creativity to thrive.



