Transcript

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Mariana Peneva | Institute for Real Growth started transcription

HJ **Mariana Peneva | Institute for Real Growth** 0:05

Let's start.

My very first question is how has marketing been leveraging AI to drive growth in your case?

So what are some of the the most successful initiatives?

And I know we've spoken about this before, but if you look at it now, a year after first, our first conversation, what would you say?

HJ **Halvorson, Jon** 0:31

Yeah. Look, I think marketing broadly.

Myself and some of my peers have kind of collaborated to get to a set of use cases, and I think there's fourteen different use cases that we have been able to identify that reign. The full spectrum of marketing in the commercial function.

I think for us as an organization and look, these are some of them are very obvious and very basic and end to end one is you know leveraging AI for creative concepting.

Leveraging AI for creative testing, leveraging AI for content creation, leveraging.

AI for producing analytics in real time, leveraging AI for shop store optimization.

Leveraging AI for media optimization.

Excetera. So I mean, there's there's a number of use cases I think that.

What's unique about Mondelez is we have narrowed in very tightly within the marketing function on really driving.

Two use cases.

The first is AI optimization of media and the other is AI creation.

Creation and testing of content, and we've narrowed in on those.

For a variety of reasons, but I think that you know, the biggest is just the size of their impact on the organization.

Because of the scale of investment that's made behind media and the content that it produces and its impact on the PNL, what I think is unique about AI and marketing in this is we were probably the first function to have that conversation.

Mariana Peneva | Institute for Real Growth 2:14

Mm hmm.

Halvorson, Jon 2:25

In the MLT about AI and generative AI, and I think it was an opportunity for us to showcase as a function.

Hey here is.

Here is the context of the world that we're in. What is AI?

How long has it been around?

How does Gen. AI different than regular AI?

What are all our use cases?

What are the use cases that we most believe in?

What is our three-year plan against those excetera? And I think that that was a powerful moment because you know, AI allows the cmoi think to show leadership on this topic.

And it's because there's no doubt AI will impact the entire.

Enterprise and I don't even think marketing can with absolute claim say in every organization marketing will create the most value or be the most impacted.

But I think at this stage the use cases for AI and marketing are perhaps clearer than others and less risk adverse than other disciplines.

And so I think in a lot of organizations, there is a right for the CMO and right for marketing to lead on this and to pilot and test.

Because.

The use cases are clearer and the business case is sound and the risk feels more reasonable for an organization.

And that's why I would say inside Mondelez, marketing is leading the way.

Mariana Peneva | Institute for Real Growth 3:53

You know, that's very interesting.

And indeed, we spoke with in the past.

How indeed.

You were basically the one going and showing what AI can do, and I think you were very inspired by something you saw in Cannes. If I remember correctly.

HJ **Halvorson, Jon** 4:05

Yeah.

M **Mariana Peneva | Institute for Real Growth** 4:06

And John, have you tried some things in terms of like marketing initiatives with AI that didn't work? Did you have some?

HJ **Halvorson, Jon** 4:13

Yeah. Look, I mean, so we to date have done 48 different campaigns.

So we've done 48 different campaigns.

And some of them have been ideas that we've had to abandon, so we've had to abandon ideas before we post them because there's bias in AI. So we couldn't make it work.

We had issues where very early on we were trying to produce humans out of our AI model and they'd come out with six fingers giraffe necks.

And I can show you the visuals of it. We laugh about them now, but there were real challenges in how do you train a large language model was not clear.

M **Mariana Peneva | Institute for Real Growth** 4:43

Yeah.

HJ **Halvorson, Jon** 4:50

And there. So there was a lot of there's a lot of struggles on the journey to get to, you know, content creative excellence.

So we had to shut things down because they were biased.

We had one team who wanted to use AI to generate recipes without like testing them, so it would just randomly generate a recipe, not like.

You know, with any machine learning, machine learning or anything else like that.

I think there were some cases where teams wanted to use AI where you didn't need an AI solution for it, but it was just in vogue or would be cool to do it with AI.

I think those those were, I mean, but I would say the good thing is a lot of times partners would pull the plug on that. We also have an AI governance board that looks at this and says, hey, you don't really need AI for this. So we're not.

Going to let you do that, or hey, how are you eliminating bias in that or how are you

living up against our responsible AI principles?
To make that work becomes real checks and balances, but having done almost, I would argue the most volume or as close to the most amount of volume of AI driven campaigns in brand building you're going to have a lot where you just you know we get there and.
We go can't make it work, you know.
And you're just like, but you know, every once. But like, there are at least four or five, we had to pull the plug on, you know, at the 11th hour.
Just we can't make it work.

M **Mariana Peneva | Institute for Real Growth** 6:11
Yeah, yeah. OK. And I mean you mentioned that marketing is a discipline probably has the the most clear, let's say, use cases for AI and so on.
But if you think of the context you're in, and one is an organization, So what are what are basically the most important C-Suite partnerships for you to make AI work for marketing?

HJ **Halvorson, Jon** 6:34
So the one is certainly with the Technology Office. So the CTOCIO that score because.

M **Mariana Peneva | Institute for Real Growth** 6:37
Yeah, yeah, yeah.

HJ **Halvorson, Jon** 6:42
You share knowledge of the technology you need their infrastructure.
There's a lot in security. Data is the lifeblood that fuels the development of large language models.
They will have the people with the technical expertise, so that's you know, core to it.
The second one is legal.
You know, in our quartet of leadership.
We have a lawyer who's dedicated to advertising and marketing, who's been on the journey from the first narrative discussion in every single way. And I think that's important because creating the right contractual framework, you're going to have a lot of confidential discussions around ndasa lot of thinking about.

How you're going to reshape your contracts on what data you own going forward.
Ability to train what you learn your AI models on. I mean, I I think there's a big legal partnership.

M **Mariana Peneva | Institute for Real Growth** 7:31
Yeah.

HJ **Halvorson, Jon** 7:34
That doesn't always naturally exist inside the regular flow of business.
In our case, INA lives inside marketing, so it's not necessarily an external partnership.
Some organizations Ina lives independent is is a separate piece depending on how they're structured, but I would say is absolutely critical because of Data's role in training.
Ina models because you're going to need to establish strong measurement protocols to validate your business case.
You might need INA to build your business.
Case in terms of critical data, but those are the those are. That's the real center of it.
Do you have a great technology partner?
Do you have a great legal partner and do you have a great insights and analytics as part of your core team?

M **Mariana Peneva | Institute for Real Growth** 8:21
And and you feel that at that point you are getting the support you need from all these functions?

HJ **Halvorson, Jon** 8:26
Yeah, I mean, I would say it's all in big transformation.
So I think the key thing is everyone is living in a very uncomfortable I think the CIOCTO is the most comfortable because they see it. They have a partner, someone wants to go, they they have a vehicle and marketing to achieve their dig.
Agenda and their modernization agenda.
So I think those are very aligned. I think from a legal standpoint.
You're learning an entire new world and you're stepping into the world with a lot of undefined law.
And that is yet to be settled.

And so that is, you know, I'm getting amazing support, but it is ultimately living on the bleeding, bleeding edge of what ultimately can happen.
I would say in insights and analytics it is just.

M **Mariana Peneva | Institute for Real Growth** 9:11
Run.

HJ **Halvorson, Jon** 9:15
I think like in core marketing, AI is not an augmentation tool. It is a disruptive tool.
And so there's a lot of a cycle that people have to go on because.

M **Mariana Peneva | Institute for Real Growth** 9:22
Mm hmm.

HJ **Halvorson, Jon** 9:27
I think a lot of the first things people use AI for are very augmentation, faster, cheaper, better. And if you really want to get to the potential of it, you have to think about how AI will disrupt and that kind of requires like breaking everything.
And and so as the home function. It's hard to break everything.
So I think both marketing and I NA probably have some of the largest change management to do to bring this in.
It's not really change management for the CTO. It's not change management for legal, it's really change management for the function.
As a core and so I think that is a self you know can.
To you know, self destroy yourself, self destruct and that's you know, and reinvent yourself on a regular basis. And I'd say, you know every that becomes not really a functional.

M **Mariana Peneva | Institute for Real Growth** 10:11
Yeah, yeah.

HJ **Halvorson, Jon** 10:19
Are you getting functional support?
That's a personal level.
Like, are you John Halverson?

Ready to, you know, redesign almost every way of your working.
You know and and that's a that becomes a very personal, almost even more than a function question.

Mariana Peneva | Institute for Real Growth 10:37
Mm hmm. Mm hmm mm hmm, absolutely.
And what about let's say support from from the other functions like I'm the CEO for example.

Halvorson, Jon 10:45
I think from the CEO is the CEO is important probably in our organization we don't have as much of A top down drum beat.
I think that they they create the space and everything else.
The CFO is important because this is a big particularly depending on the size of what you're doing. I mean, these are big investments in, in our case, you know, I mean you're talking, you know, well north of $20 million a year.
What I mean, you're talking over $100 million / 3 years.
That's acfo level conversation and you need someone who has vision and believes.
And your business case, etcetera.
You know the business unit presidents who have to Createspace in the PNL for that.
But I'd say the role of the CEO in this is, you know, support, air cover, etcetera.
But in our organization, we don't run a very top down agenda. I I think it's more creating space for the conversation.
I think it's space with the board.
In terms of board management and the topic.
And I I think it's, I think the CEO plays a good check and balance and challenger. I find though my you know it's there will be a lot of enthusiasm around this and the CEO has to make sure that that is you know grounded enthusiasm and discipline ENT.
And not just following hype and hype. Cycles and fads and everything else.
It stays really disciplined.
So I think the CEO plays a role of.
You know, champion to the organization, but.
Challenger in the boardroom to help you get to better.

Mariana Peneva | Institute for Real Growth 12:22

And how did you? How did you win his support this trust?

How did you win?

Halvorson, Jon 12:27

Think that there's a few things in that.

First of all, we did a real we built a prototype and we brought that into the C-Suite.

And I think what several members of the C-Suite said is once they saw that, they couldn't go back.

Like once you see how this could be a way of working, you can't go back to how it is today and you want that for your teams. You know, I want to be working like that.

I've seen the future, you know, and so.

I think building a prototype and putting it in people's hands and being able to type prompt and just show the capability, they just go wow, that's different.

You know, I I so I think that's important. I think the second thing is it's important how you set the context.

Usually people jump right away to their solution, but we did a lot of work to set.

Here's the context.

Here's how we think AI changes the world.

These are all the use cases you know.

Here's what other companies are doing.

And so I think that context setting is super important.

So can you set a context?

Can you put a prototype in place and can you create a manageable thing you know or a proof point inside your business or or pieces? And then I think can you make it exciting?

You know, like this is meant to be exciting and if you present it in a very humdrum way that that's a real challenge.

But I think we had come.

You know, we had.

A really clear context and clear understanding of where the world was.

We then put something in their hands that was really exciting and we said, look, we're actually doing this today.

Here's a bunch of little pilots we've done in markets.

The question is is can we take this to the next level?
Systematize it, professionalize it, and mature it.
Here's what that looks like and and here's our why on the business case.
And this is what you have to believe. And there's conservative parts and things, but like these are estimates and this is the really, really.
And I and I think we came with passion for the project.
But also some hey, here are my unknowns and I'm still baking this, you know, and I so I'd say I think you know, do you come with a point of view?
But the flexibility to be changed by data and and I think in all of this, all the other functions are there and you know and I think we also didn't approve it like saying hey, you know marketing is going to be the most impacted is going to be.
The biggest deal like marketing, you know, we said, look.
You know the line I told you up front is very true is all functions will be impacted.
There's no doubt, and I'm not here to say order of magnitude marketing versus R&D versus everything else.

M **Mariana Peneva | Institute for Real Growth** 15:05
Thank you for calling.

HJ **Halvorson, Jon** 15:09
Not that what I think is you should let us lead because we are clear on what we want to go do and we have a clear pilot, a clear use case and a clear plan and that's your right to lead.

M **Mariana Peneva | Institute for Real Growth** 15:19
Yeah. And that? Yeah.
And that's actually a great bridge to my next question, which is if you are sort of the first one in the organization to adopt the AI and start using it, have you also been involved in other organization wide initiatives that go beyond marketing as sort of the expert?
On that.

HJ **Halvorson, Jon** 15:37
Yeah, no.
So I've spent time with our people function, our sales function, our R&D function,

helping them as they build their plans.
And so really it is the CTOCIO organization.
Who's doing that?
And they bring me along. And so I say, hey, I've been where you were six months ago.
I was building the plan for how AI would change marketing and looking at all these use cases and narrowing it down.
And here's how I thought about it.
And this is how I partnered really well with the CT.
Organization this is what you need to own is the functional leader.
And here's what they need to do is the consistent band all the way across.
And so I've spent.
I also spent a lot of time talking to our lawyer. Like, hey, this is our vision.
Here's where we're going.
And that's that's that's that's that's a privilege and a right of leadership.
You know, it's a privilege to get to share what you learn with others, and it's also your right, you know, and it's a responsibility, you know, when the company says we'll let you lead, you have a responsibility to help others.
On that journey.
And will you be generous? And I I think if there's something that I really think that people who are leading in the space are, they're generous, they're generous.
Internally, they're generous and they're humble.
They're generous about sharing what they know. They're putting their cards on the table with partners to create strong external partnerships, because this requires a lot of external partnership, more than perhaps a lot of other things that we do in a marketing function.
It requires you to be really humble and call your peers, so I've called.
As needed.
L'Oreal, I've called Frank, who leads it at Coca-Cola.
I've called Heineken.
I've called people who I know that I'm ahead of to share what I'm doing because I value that person like I've had sessions with a company in the, you know, one of our board members goes we're way ahead.
I'm like, I'd still love to do a sharing set just to see what you're thinking about and to share what I'm doing and do it. And I think that feedback keeps making a sharper

and clearer and has opened us up to other use cases.
You know, I, you know, one of the big use cases is.
Don't care.
It's not really on my radar cuz I don't have a big D to C business, but just seeing what L'Oreal does with it in their obsession made me change my universe and say, hey, there's this big use case out here that I haven't thought about in my world.
My Galaxy or my universe expanded with every one of those conversations I've had, you know, so are you generously sharing?

Mariana Peneva | Institute for Real Growth 18:02
Hmm.

Halvorson, Jon 18:03
And are you being humble enough to say I don't know everything?
Let me reach out to others and I think it's that exchange 'cause when you generously put.
Out there and share yours.
You get a lot of feedback that makes you better.

Mariana Peneva | Institute for Real Growth 18:16
Yeah, yeah. And do you have some concrete examples? For example, when when you're talking to the people function, like, is there some concrete example of where marketing really helped them or it's in the plan to help them do something or same with sales or?

Halvorson, Jon 18:32
A lot of the things I tell you, what happened when we sat down with the people function, they were so narrowed in on this, this executional thing.
And I was like, well, what are all your use cases?
They're like we haven't mapped that yet and I'm like, OK, that that I think we hope them rebuild a map and show what was possible. So you know, they were very interested in, hey, we can use this to help, you know, people will be able to write e-mail.
Faster or things like that. I'm like, yeah, great, like.
Do you know that you could use this to drive greater compliance against executive

contracts?
Do you know that you can do this to make sure the reviews of this like you know like to check for changes?
Do you think about like and all of a sudden that you could just see, hey, did you know that, you know your peers over at loreal are actually building 1 and it allows employees to find all their information faster, more reliably, like, you know, like an internal consum?
Chat bots or replace that like take all the administrative tasks off. Did you think about and? And I think that just cause them to be like oh wow, there's a much bigger world out there 'cause you can very easily narrow in on just.
Just a single use case.
A single little thing, I think that.
I think some of the other places is. So I mean you can see a strategy. I think it allows them to help thinking about what's their narrative like, what's the change management. And I think you can speak to, you know in, in the investment we have 50%.
Of it is in people and change management.
Wow. You know, like that's that's that's a big statement.
You know, like, hey, have you accounted for it?
Because sometimes you only focus on the tech costs.
It's like, what are you gonna do to get adoption to really get people to change?
What's your capability plan?
Because you can.
Only really you can't.
Panzer divisions can't outrun their gasoline, you know, like the tanks don't run without gasoline and you know your new tool won't work if the marketers don't have the capability behind it.
And so I think it's very easy to build these sexy tools, get pilots going.

M **Mariana Peneva | Institute for Real Growth** 20:27
Yeah.

HJ **Halvorson, Jon** 20:32
But you'll struggle to scale because you don't build the capability program behind it.
And keep raising that.

And so I think these are and a lot of these things are all working progress.
And I think it's just a constant conversation on the a lot of these elements and probably marketing sales at the closest.
So we talk the most, but there'll be differences.
They're gonna use more off the shelf solutions.
I'll be doing more training on my own large language models like you know there, there's a portfolio to this.

Mariana Peneva | Institute for Real Growth 21:01
So tell me a little bit more.
That's a very interesting 1. The capability plan and the capability building.
So tell me a little bit more about how do you approach that within the marketing team?

Halvorson, Jon 21:10
So I think you know my opening comment is every year in January when I build out our ambition for the year and I look at what I want to accomplish and I look at our organizational capability, there's really not a gap.
Like, hey, I know what we need to do and we have the people, our people have the smarts to do it.
You know what I mean?
Like you, you never really start to hear. This past year was the first year where I said there's a gap.
There's a meaningful gap, and that gap is only going to keep growing unless there is a clear intervention.
On capability.

Mariana Peneva | Institute for Real Growth 21:44
Mm hmm.

Halvorson, Jon 21:45
And so really, where we're at in that is we started with just a series of having an external speaker and expert who comes in every let's say 5 * a year to talk about what's happening in the world, what people are doing, what are the hard skills, what.

Are the soft skills necessary?
How do you build compelling narratives and do that?

M **Mariana Peneva | Institute for Real Growth** 22:06
Yeah.

HJ **Halvorson, Jon** 22:08
So that was kind of like our soft lift and in the meantime, we have been launched in RFP to find someone to be our partner to build all this capability material. And I would tell you other organizations are farther if you go into L'Oreal, they have mandatory train.
For employees in marketing, we don't have that yet.
You go to Coca-Cola, their HR department's doing something bigger.
They have something specific for marketers.
They've just done with WP.
So they might have some more detail for you guys. I would tell you is we sat down to look at all we just got the responses back. We're going to make a decision in February and in the second-half of next year, we'll be launching which is you.
Know you kind of done campaigns.
We're building our internal system. Ada Aida stands for AI data and analytics. We call it ADA. Just like Siri, we have Ada.
And you know, like what I've told the team is like, that has to launch, we have to launch.
Second-half because those.
What you're doing can be ahead of your capability, but they have to move in strides.
And so we've looked at comprehensive building of tools.
I think this will have to be very different than what is the normal lecture format.
So we're all used to the model where everyone comes in the room. We all listen to the expert lecture for an hour.
This is going to be a lot of hands on training exercises, homework using tools.
Here's the output.
How did you get better?
I think this is going to be.
A very hands on world.
And it's a very different and again it goes back to its disruption.

So how will how do you create a?
You know the the big real other big change around this is how do you build the wrapper, you know of packaging this so that the so that you'd get the medicine, you know the the the rapper matters because you know if not no one's gonna take your.

Mariana Peneva | Institute for Real Growth 23:50
Mm hmm.

Halvorson, Jon 24:01
Medicine.

Mariana Peneva | Institute for Real Growth 24:02
Yeah. Yeah, it's a good metaphor.
Yeah, yeah, yeah, yeah.
OK. And where do you see the future going?
In a sense, where do you see the biggest opportunities for marketing when it comes to AI and growth?

Halvorson, Jon 24:16
Look, I think.
I think that there's a few things in marketing this. I think 1 is.
It'll be in a world where everyone has access to. I mean, the cost of knowledge and the cost of incremental assets goes to 0.
So in a world where the cost of knowledge goes to 0 and incremental assets goes to zero, I think brands matter more than ever.
And I think the distinctiveness of that brand matters a lot because in a world where you and I can start a biscuit company and we can launch it and have Super Bowl level creative this afternoon.
You know, like or actually by the end of this call, we could have amazing the distinctiveness of the brand will be everything.
And so I think there's huge importance on being really clear about brands and ensuring they are distinctive, because AI will only distort.
Any lack of clarity that you have.
And make it worse and fuzzier. It's like when you take a copy of a fuzzy picture.
It only gets fuzzier and fuzzier and fuzzier, whereas a clear picture will stay sharp.

I think the second thing is.
In a world where you run more pipes and ones and zeros like you won the last arguably decade through agility and speed, I think the next decade gets won by humanity and there as much as you put more pipes in ones and zeros, the humanity and the power.
Of the insight will be all that much more important, because everyone will have access to the data.
Everyone will do that. It will be.
How sharper you on the inside. I think the third thing is.
It's gonna allow you to restructure your organization, so I don't think you'll have as many permanent employees.
I don't have to be here.
I think you'll hire more freelancers to kind of float in and out, and you'll you'll have a more flexible talent world of people who come in and out. And I can tell you on this project alone, you know, we have 250 plus people on the.
Agency side, who are contributing to this.
And then more importantly, we have like four or five contractors who seamlessly come in and out of our world performing roles as the client.
And the more I see that I go, that's that's just going to be the model like because there'll be a fracturing of jobs skills. So you'll need someone to do this little bit and piece, but it won't make sense for them to be full time. So how will?
You do that I think will become really interesting.
Over the future, and I just think hopefully if AI does what it does, I mean it should just suck a bunch of time out just to Createspace.
You know space for thinking, space for new ideas.
Face for you know, I think in the beginning it will augment people's capability, but then it'll disrupt it. And the more interesting thing is what happens in the disruption of it and so.
I think there's a huge opportunity to just literally just do it better. I don't think anyone looks at our current ways of working and marketing.
Everything goes.
That's brilliant.
That is just perfect. I mean, I couldn't every day we even the most happy and satisfied of us, see things that could be better.

I think that we will continue a radical improvement of that.
Overtime.

M **Mariana Peneva | Institute for Real Growth** 27:42
And I mean, we started the conversation where you mentioned like generating recipes without testing it didn't work.
Do you see that working in the future?

HJ **Halvorson, Jon** 27:51
Maybe I just think there's always gonna be a human in the loop.
I just.
I just think that there's a huge power of humanity.
I mean again I I just.
I love that exercise every every few years I write it out. Like how did you win the last 10 years?
How you win the next 10 and there's always interesting correlations between the two.
You know, and I just believe last 10 years was agility, speed.
How fast could you get to market speed one?
You know Oreo dunk in the dark.
Got there. First they were nimble.
They were on top of culture.
They move really fast, fast, fast, fast.
In the future, everyone will be able to be fast.
AI will make everyone fast. You can produce that content. We can post it right away.
I think it's going to be humanity, your humanity, that will make the difference.

M **Mariana Peneva | Institute for Real Growth** 28:40
Mm hmm mm hmm. And how do you preserve that?
Like, how do you keep that humanity in a world that wants more efficiency and fast, fast?

HJ **Halvorson, Jon** 28:47
I think where you find humanity is in the time that you spend with consumers. You know, like I think it is in this world where we get more and more people locked in their offices and doing stuff like it's like, do you still go out and just watch?

People, I mean my most powerful experience in my career was watching people shampoo in Asia on AP and G Tour 'cause. It was like a sachet of shampoo. And just like watching how they wash their hair.
Like, are you making time for?
And that, you know, like, do you really know why people eat your biscuits? Like 'cause, I can create synthetic audiences that will simulate a whole bunch of things, and that's fine. But I think it's going to be the people who create real insights off of it that are.
Going to create it and it's spending time with consumers.
It's making sure you as a leader have a diverse set of interests and passions.
You know, I I find.
People, some people are just too narrow and it's just like, look, what have you learned or done?
This year, to make you more interesting at a cocktail party and I don't care if that's you became better at baking macaroons too.
You picked up golf to ballroom dancing.
What are you just like, learning everything you can about AI? All acceptable great answers, but I think we find our humanity by being human ourself.

M **Mariana Peneva | Institute for Real Growth** 30:10
OK.
So are there any?

HJ **Halvorson, Jon** 30:19
Yeah.

M **Mariana Peneva | Institute for Real Growth** 30:19
Are there any other examples or experts that you think CMOS really need to listen to reach to engage with?

HJ **Halvorson, Jon** 30:29
People should watch Perry Nightingale, who I got exposed through through your program.
I think he's been doing really great things for a long time on the topic.

Mariana Peneva | Institute for Real Growth 30:33
Yeah.

Halvorson, Jon 30:39
I think Rashad, who's the ex publis leader, he's who come in and does my speaker series.
Mustaf, who's the CEO of AI at Microsoft, has written some really powerful books.
I mean, I would just tell you and then I think there's just a matter of doing it, like are you?
Are you physically hands on keyboard doing it like you know the the expert is the limit of the expertise.
Is you?
There's, there's and. There's always gonna be a new book every six months. And like, I try and keep up with the reading of it, like, but I I find my inspiration just in collectively solving it together.
You know Matt Corbin at Accenture?
Who's my partner?
Who's helping us build a lot of this stuff is also a brilliant luminary on the topic.
But I'm always really curious.
I mean, I also think.
Look for businesses where it's more endemic, like, you know, QSR companies are interesting. I mean, they've implemented AI into their drive through Windows.
One to show what menu and then two also to be the person talking on the other side.
Why? Because it always remembers to ask you for the extra fries, and it always does it perfectly.
You know, like there are other businesses where AI is just more endemic to their business model.
And I always like to study those because.
I think you can learn a lot from them.
I think in CPG it's not as endemic, but we will bring things to a certain level of scale that no one else can.

Mariana Peneva | Institute for Real Growth 32:09

Mm hmm.
OK. But we've gone through most of the questions. So you know what it is that we are exploring with this study.
So if you think of the study yourself, like is there anything more that you would like to learn from it?
Anything that you would expect?

HJ **Halvorson, Jon** 32:30
I think that makes sense.
I-1 last thing that I think is important is how good are you at building external partnerships?
We talk about a lot about this in our G and I would tell you I think the people who are going to win are very good at partnering because the answers will not all be within your four walls because this knowledge lives in a very few set of.

M **Mariana Peneva | Institute for Real Growth** 32:37
Mm hmm.

HJ **Halvorson, Jon** 32:49
Four walls. So you're not going to have a bunch of these people, so you're going to have to partner. And the strength of an organization's ability to partner.
On a scale of zero to 100, I think is going to be highly correlated with their ability to win in the space.
I think that will be one of the most interesting correlations that we will see five years from now. If you tell me how good they are at internal and external partnerships, I think I will be able to predict how great they are at this.
You guys measure it, so I'd be very curious. I I think that it'll be interesting because I think in a world where people are in housing, so many things.

M **Mariana Peneva | Institute for Real Growth** 33:29
Mm hmm.

HJ **Halvorson, Jon** 33:29
They have a desire like, oh, I'm going to. I'm going to build.
There's a tendency to be narrower like this requires big exploration.

Mariana Peneva | Institute for Real Growth 33:35

Mm hmm.

Mm hmm mm hmm.

Halvorson, Jon 33:39

In a.

In a big aperture.

Well, I think you're thinking about the right things like I think some other learnings from my journey I got caught up in some small little things that were stupid like.

Which image diffuser should I use Bria versus this? And we spent seven weeks, six weeks on that. I'd love to have back.

I think your ability to tell a really compelling story, we've built a lot of videos and case studies and things like that, and I'll send them over as examples. Like I think that really helped us win people over.

I can send you a video of the prototype that we built to show the board of direct like 'cause.

Mariana Peneva | Institute for Real Growth 34:15

Yeah, please if I can.

Halvorson, Jon 34:17

Then once you see it, you're like, I gotta have that, you know? And like, I think there's a drum beat on that.

Like I think cm OS.

On this one, you gotta over communicate a lot, you know? And like you have to be really willing to have a lot of, you know, a lot of C-Suite in, you know, on this one.

Because you got to show a lot of progress. Here's and it's it's in inches.

You know, it's in real little inches. I think the other thing on this one is.

I believe this it's probably not endemic to, you know. The question is, is.

I believe that the there's a big first mover advantage on this and I've been very vocal about that.

And saying like, I don't know if someone gets a hold ahead of you, how you catch them, because the drivers of this are.

Size of your data, computing power and success signal everyone has access to same

computing power.
I can't buy more than the next guy and my computers aren't faster than your computers and success signal. In most categories, everyone has more or less the same.
There's not some big business model difference, I guess in CPG you could say some people are D to C versus not.
So that might create a little bit, but not.
Not so dramatic that it's like crazy with inside your own category.
You might argue private label because it's owned by retailers, is a little differentiated, but in general, like Mars versus Mondelez, not all that fundamentally different versus Nestle versus whatever, like all Pepsi versus coke, all in the same area. But in that first one in, in, in data people.
Have varying amounts, but what it really is is who starts first in a world where there's compounding impact.
Exponential growth and knowledge with experience and reps. If someone gets ahead of you.
How do you catch them?
And then everything else in AOC and everything else in digital people have been able to catch people like when first search results came out, it was weather.com, things like that.

M **Mariana Peneva | Institute for Real Growth** 36:10
Yeah.

HJ **Halvorson, Jon** 36:21
Look what was the first top results in a search page 10 years ago versus today and that tells you there is no total first mover advantage because people have been able to catch.
Catch people in SEO and other things in social people found better ways to go do it.
Better ways to go. Buy everything else.
The top liked brands 10 years ago are different than they are today.
That tells you that that that moves and there's there's not a competitive advantage in the long term in this.
I don't know how there isn't because I don't know how to catch the guy ahead and everything else.

I'm like this is what we have to do to catch the person ahead.
In this I don't know, and therefore if that's true, then this is a race.
And this is a race, and I think that, you know, when you sit down and you look at AI and you realize, you know, you have to put your shoes on 'cause, you're either running towards it or you're running away from it.
And there's a lot of people sitting on the sidelines playing a wait and see.
But for those I worry because it's a race. If you you can sit on the sidelines when there's a clear second mover advantage or third mover advantage or hey, I don't need to be first.
We'll let this play out and I'll find a shortcut.
I don't think there's some big shortcut across and so to everyone who sits, how will they explain that decision later?
Sitting always looks very good now. Like I'm waiting for the market to develop.
Things will shake out.
But 5-10 years from now, how well will that decision age?
Because if you believe my point that there's a race and there's no way to catch em, that's a big problem.
A big problem.
So you know.
What you know, do people feel the urgency that they should?
And I I think there'll be a lot of people who get mad, like, later on it'll be like, oh, that was obvious.
You should have gone, but in the moment there's this hesitation. There's this fear, and I think it's because we're entering another era of marketing like that.
Reminds me a lot of like 2000 to 2004 is digital.
Came up like just big seismic shift.
And if that's true, you know that causes hesitancy because no one knows the future of the world looks a little foggy.
And it's been a while since the world was foggy.
It was very easy, you know, in 2010, 2012, to talk about who are the great companies, who is rising, who is losing this. It felt very known there wasn't, like, TikTok was a little bit of a disruption, but everything else was kind of like you.
Could see it more or less coming.
It wasn't like, crazy.
I think right now you're in this fog and it's causing a lot of people to sit on the bench.

And be uncomfortable.
And so I guess the question is for marketers in the assessment is, do they feel confident in the in, do they have a clear vision in the future and how confident are they are that's going to be the future? And I would bet that's at an all time.
Low like I I know who's going to be the top five most valuable partners or media companies in 10 years.
I bet that's an all time low.
An all time low and that's causing a lot of people to sit on their butts.
Rather than do something, and I think that's dangerous and so, inaction is killer, I think it's gonna be killer for their company's success. And I think it's gonna be killer for their boardroom because later on, people are gonna be like, why didn't you do something? Because it.
Really hard to explain to someone. We are perpetually behind and all we. We can only hope for there to be a major technology reset or something to happen that we can't a major disruption.
Because that's called hope and prayer and hope and prayer are very bad strategies.

M **Mariana Peneva | Institute for Real Growth** 40:08
Yeah, very nice people. Yeah. Yeah. OK.

HJ **Halvorson, Jon** 40:10
Does that make sense?
I mean, but that's like.

M **Mariana Peneva | Institute for Real Growth** 40:12
Total sense.
I'm just like writing everything you say and I'm very happy. I'm recording the conversation.
Yeah, it makes a lot sense.

HJ **Halvorson, Jon** 40:20
Knowledge of it. But a lot of people it's it's it's. I think people aren't as clear on the future as they should be and that causes a lot of inaction. But yet at the same time they see the future and I think it's it's, it's this tension it.
Like I don't know where it's going to go, but I think some of that is a murky legal

field. I think part of that is, you know, they're so used to being able to see the future. It was so clear.
It's like, well, the first time you drive in fog, you're like, whoa, whoa, whoa, whoa, whoa.
It's like you, but yeah. But you've driven this road 1000 times.
Yeah, but not like, but.
Always see and we are driving in a little bit of a moment of fog, but I think you need to drive in the fog because if you don't, when the day clears, you're going to be way too far behind to catch up.

M **Mariana Peneva | Institute for Real Growth** 40:51
Mm hmm.
Big hands. Yeah, yeah, yeah, no.
Brilliant man.

HJ **Halvorson, Jon** 41:07
And so driving through fog is something I talked to my teams about.
I'm like, I know it's unclear, but we're driving through the fog, but we are driving.

M **Mariana Peneva | Institute for Real Growth** 41:15
Yeah, yeah, that's really good. OK.
Well, this has been super helpful as always. So I wanna thank you for the time and finally So what the partner for this study, our partner is Google and Google did.
Yeah. So they would really like to learn directly from the interviews.
They also wanna feature some of the CMO stories and examples in their publications and events.
So are you OK if I share the transcript with them as well?

HJ **Halvorson, Jon** 41:42
No. Yeah, no, no, no worries whatsoever.

M **Mariana Peneva | Institute for Real Growth** 41:43
Yeah. Thank you for that, John.
Yeah, yeah.

And again, we will not hold anything without your permission.

It's more for them to, OK.

HJ **Halvorson, Jon** 41:52

Sounds good.

You can send them the recording too if they if that will help them no problem.

M **Mariana Peneva | Institute for Real Growth** 41:54

OK.

That's very helpful. Thank you, John.

HJ **Halvorson, Jon** 41:56

We look pretty good.

I'm you know, I'm not dressed as best today, but that's OK, you know, we'll go with it.

M **Mariana Peneva | Institute for Real Growth** 42:02

Oh, wonderful.

Well, thank you so much. And we, we for sure speak soon and I hope you have a lovely time with your family in the coming days.

HJ **Halvorson, Jon** 42:11

Alright, thank you. Be well.

M **Mariana Peneva | Institute for Real Growth** 42:13

Thanks, John. Bye.

Mariana Peneva | Institute for Real Growth stopped transcription