



break through

PRSA-NY BIG APPLE AWARDS 2014

Title of Entry: Zoetis Rings the Bell for Animal Health with One of Biggest IPOs since Facebook

Agency: Ketchum

Client: Zoetis

How is it possible that one of the largest U.S. IPOs since Facebook came from an industry that few people even think about? In June 2012, Pfizer announced it was spinning off its Animal Health unit to refocus on its core business. That gave Pfizer Animal Health (PAH) just eight months to engage investors in the world of pet and livestock medicines before a planned initial public offering in early 2013.

This was a different breed of IPO, sitting at the intersection of two very different industry sectors, pet and livestock health. There were no direct comparables – the spin-off would make PAH the largest independent public company dedicated solely to animal health. And it wasn't a startup. How could PAH leverage its \$67+ billion dollar parent and 60-year history while drumming up excitement for a nimble "new" business primed to take an industry-leading position? To meet these challenges, it was essential to directly and indirectly reach investors across an integrated paid, earned, owned, and shared (PESO) strategy.



## RESEARCH / SITUATION ANALYSIS

### Six Ways to Measure Success

- 1) Receive a full and fair valuation
- 2) Educate and create investor awareness that Zoetis has greater long-term value as standalone than as unit of a pharma company, measured by demand for stock at IPO
- 3) Drive demonstrable employee engagement
- 4) Reach potential investors through the right media outlets, measured by 50% of coverage appearing in top-tier media outlets (as defined by Factiva) with CEO Juan Ramón Alaix quoted in 25% of coverage
- 5) Pull through one or more of five key messages: Zoetis Inc. raised about \$2.2 billion in an initial public offering; Zoetis priced 86.1 million Class A shares at \$26 apiece; Zoetis will command a market value of around \$13 billion based on the offer price; Zoetis does not receive any of the proceeds from the IPO; and Pfizer retained 80% ownership of Zoetis
- 6) Launch compelling new print and online presence, including website integrating 35+ standalone country websites by Day One

PAH turned to research to answer two key questions: what was the best way to position the new business, and what could be learned from related spin-offs?

Quantitative global research showed the Pfizer Animal Health name outperformed its competitors on attributes such as 'forward-thinking' (20 points) and 'impactful' (20 points). But it trailed on 'caring' (-7 points).

This was explored further with customers by instant response dial testing – the

same method used in presidential elections – by maslansky + partners. Fifteen sessions in the US, Brazil, China and France let veterinarians, livestock producers and employees say "yay" or "neigh" to various messages. The results showed that audiences valued PAH's 60-year history, products and dedicated sales force. But **what really mattered was showing that the company truly understands its customers and how tough it is to keep animals healthy** in the face of high operating costs, vocal consumers and a complex regulatory environment.

Two relevant separation transactions were reviewed: Kraft/Mondelez and Bristol-Myers Squibb/Mead Johnson. Media analysis showed a frequent gap between official messaging and coverage (e.g., the press was far more inclined to cover revenues and industry growth than the company's claim to be a new kind of company). These firms' communications roadmap stressed the importance of employees and customers, not just investors.

As a result, the newly branded Zoetis (meaning "pertaining to life") knew its products and employees were powerful assets, but must be leveraged in an authentic way.

## PLANNING

### Evolving the Tone – Then Reinforcing with Content Czar

The strategy was to evolve the company's tone from proud to approachable – one that strives to earn customer trust rather than rest on its laurels. The emphasis on striving was a real departure from the way competitors talked and from what investors are used to hearing. But Zoetis knew it resonated with the audiences most important to its future growth: employees and customers.

**THE IDEA.** Evolve the company's tone from proud to approachable. To make sure this tone was expressed consistently across a 360-degree integrated communications campaign to support the spin-off and IPO, the company created the role of "content czar."



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## EXECUTION

Zoetis teamed with Ketchum and its sister agencies on tactics that reached and influenced investors both directly and indirectly:

**Media relations for all milestones leading up to the IPO:** With media playing a critical role in influencing investors and customers, Zoetis and Ketchum carefully managed the media strategy around the separation announcement and S-1 filing, aimed at generating favorable coverage and seeding the new Zoetis name and positioning.

**Employee communications:** The “Working to Be Zoetis” employee change program nurtured employees and, indirectly, customers, as advocates, with a steady drumbeat that anticipated tough questions and humanized a largely unknown executive team. A field-force toolkit covering authentic customer conversations was just one instance of content informed by research findings.

**Investor communications:** Communicating the principal separation milestones provided moments in time to steadily advance the corporate narrative. Investor roadshow presentations were scrutinized for ways to educate, such as complementing the usual pie charts with interesting and lesser known facts about the rise of pet ownership – and thus spending – in emerging markets.

**Online and print presence:** A core part of the PESO strategy was a [new corporate website](#) featuring a clean, approachable design, stunning custom photography and all-new copy optimized for search. In addition, the integrated team created social channels and advertising content reflecting the new Zoetis tone and optimized to drive traffic to Zoetis.com: new [Facebook](#), [Twitter](#) and [YouTube](#) properties, new b-roll for media use and a suite of videos, rich media ads and print ads tailored for investors, vets and producers respectively (and for mobile and tablet platforms) by Ketchum sister agency Doremus.

**Overarching content strategy:** The content czar reviewed volumes of content from six work-streams and four agencies across an eight-month period, aligning content with the maslansky-produced “Language Dictionary” and SEC and FDA regulations.

On February 1<sup>st</sup>, 2013 the clanging of a bell marked the culmination of eight months of hard work. With a colorful Zoetis banner festooning the NYSE exterior and animal crackers handed out at every entrance, Zoetis executives gathered for the bell-ringing and ceremonial first trade. The new website and social media properties went live. Ads broke in The Wall Street Journal, Financial Times UK & Ireland Edition, Barron’s, Hong Kong Economic Times and key industry trades. Pfizer and NYSE communication outlets were leveraged to remain compliant with quiet period restrictions. Employees were given Zoetis-branded gifts and the chance to watch the bell-ringing ceremony live, followed by global town halls. Zoetis, the new name in animal health, had arrived.

## RESULTS / EVALUATION

The Zoetis IPO continues to hold the record as one of the largest U.S. IPOs since Facebook. It wasn’t a Silicon Valley start-up; it operates in a little-discussed industry sector – yet its approachable tone and passion for animal health proved irresistible.

- 1) **GOAL:** Full and fair valuation of business. **RESULT:** **\$2.24 billion raised on Day One.** Shares closed 35% above \$26 offering price and remained above the offer price throughout the remainder of 2013.
- 2) **GOAL:** Educate investors about Zoetis’ greater long-term value as standalone than unit of pharma company. **RESULT:** Shares closed 35% above \$26 offering price on Day One and Zoetis’ P/E ratio was significantly higher than a group of relevant pharma companies.
- 3) **GOAL:** Demonstrable employee engagement. **RESULT:** **95% of surveyed employees felt proud to be Zoetis** after attending town hall; 60 sites viewed the live bell-ringing; new brand materials were downloaded 9,000 times in the first week
- 4) **GOAL:** 50% of coverage in top-tier media, 25% quoting CEO. **RESULT:** **70% of stories were in top-tier outlets; Alaix quoted in 33%.** 312 unique stories in first seven days, including CNBC-TV, Fox Business TV, PBS Nightly Business Report, Associated Press, Reuters, The Wall Street Journal, Financial Times, New York Times Deal Book, and Bloomberg
- 5) **GOAL:** Pull-through of one or more key message. **RESULT:** **All coverage contained at least one key message; 80% contained at least two.** 91% was positive.
- 6) **GOAL:** Engage investors and customers online, including new website integrating 35+ country sites. **RESULT:** **40,000+ page views on Day One; majority explored for 2-3+ minutes.** Among most visited pages were About Zoetis and Investor Relations; all country sites were operational. Corporate video targeting B2B customers drew 4,800+ views in first seven days; Facebook page garnered 1,674 likes. Online / print ad campaign drove 2.7MM impressions, with click-through rate for investor campaign (.19%) outperforming industry average.