

Industry Update

A summary of newsworthy client/agency relationship developments and relevant marketing or agency management trends from the past month.

Volume 23

Executive Summary – Monthly Recap

As we are cooling off from the summer and weeks of heat in the advertising world, we are still feeling the aftermath of zero-based budgeting, 43 agency acquisitions, the newly-felt impact of transparency issues on compensation, increased interest in moving activities like programmatic buying in-house, and \$4.3B in media reviews and unprecedented budget cuts, especially in the consumer-packaged goods category with Unilever and P&G leading the pack. Over five years, P&G has aimed for \$2B in marketing cuts, including media, agency fees, and production, with a heavy emphasis on cleaning up the digital supply chain, which contributed to a \$140 million cutback in the company’s digital ad spending last quarter. Yet the brand reported no impact on its business performance, showing that ineffective ads targeted at the wrong audiences are simply wasteful spend that leave a lot of people scratching their heads and sweating a bit. Bold move by P&G to reduce waste that apparently paid off.



Bruno Galpois
Co-Founder & Principal
Agency Mania Solutions

Newsworthy reports and recent developments

At AMS, we approach the agency management discipline as four distinct but complementary practice areas, which is how we categorize the following developments:

Talent	page 1
Work	page 2
Financials	page 3
Performance and Value	page 4
Agency Mania: don’t panic, it’s a good thing	page 6
Agency Reviews and Roster Changes	page 7

TALENT: securing the right talent and resources

Where is the talent going? Simply put, it’s follow the clients. Research firm COMvergence has recorded 42 major media pitches or account moves with no pitch (>\$10m) in the USA during the first half of 2017, totaling nearly \$4.3B. The 16 largest pitches and moves (spend>\$50m for each) represent more than 80% of the total accounts assessed. It’s not over. More than \$3B of US media spend is currently in play with AB InBev, Amazon, Subway, Sanofi, Southwest Airlines, Jaguar Land Rover, United Healthcare, US Army, TGI Fridays, Nordstrom, and Smithfield, among others.

- Is small the new big? Sixteen of the 42 accounts analyzed moved to independent or standalone/full-service agencies (belonging to intl. groups). Three of them have shifted from an international network to an independent US agency (Sprint to Horizon; Honda to RPA, and Darden Restaurants to The Tombras Group).
- Brands that launch media reviews increasingly do so with the intention of **switching agencies**. Only two retentions (out of 42 accounts), Activision and Luxottica, ended with retention of the incumbent (Omnicom Media Group in both cases).
- Rakuten and Dentsu created a new Tokyo-based joint venture focused on data called **Rakuten Data Marketing**, allowing them to offer better brand-partnership opportunities and marketing services for clients to customize.
- **McDonald’s** chose seven agency groups to manage local and regional advertising for its US franchises, cutting its roster down from a previous list of around 60.
- Vivendi’s acquisition of the 60% stake that Bolloré Groupe holds in **Havas** has now been completely finalized. The deal has been valued at approximately \$2.5 billion.
- Havas Group acquired **SO What Global**, a London-based firm that specializes in health and wellness communications, with clients like GSK, Pfizer, Novartis, and P&G. The agency will be housed within Havas’ Health & You business unit under the new name Havas SO.
- Accenture acquired marketing consultancy **Brand Learning**, with offices in London, New York, and Singapore. The agency helps clients with customer strategies, new operating models, process development and content.
- Accenture Interactive acquired digital agency **Clearhead** which is known for its proprietary data-driven methodology to optimize key digital marketing, merchandising, sales and service experiences. This is the 14th acquisition since 2013

to further Accenture Interactive's end-to-end customer experience services.

- To further streamline its agency operations, WPP folded shopper specialist **POSSIBLE** into digital and CRM agency Wunderman. Wunderman Commerce was formed in partnership with Salmon, the ecommerce consultancy. POSSIBLE recently acquired Amazon consulting specialist, Marketplace Ignition.
- WPP's tenthavenue, the holding company's global out-of-home and experiential division, acquired a stake in New York-based **LOOM Media**, a start-up specializing in creating opportunities for brands to sponsor urban innovation. Specialist units under the tenthavenue umbrella: OOH agency Kinetic, Bookmark (content), Joule (mobile), Candyspace (digital), Spafax (in-flight entertainment), S2B (shopper), platform5 (digital) and TMARC (mobile).
- WPP made a "strategic investment" in Los Angeles-based **Within Unlimited**, the virtual reality/augmented reality production firm led by filmmaker Chris Milk and entrepreneur Aaron Koblin. Partners and content collaborators include Apple, The New York Times, NBC Universal, Vice, 21st Century Fox, and Alphabet, Inc. It follows a series of investments including Fullscreen, Indigenous Media, Imagina, MRC, and Vice.
- WPP made a strategic acquisition through Grey of a majority stake in French full-service digital agency **Sensio**. Sensio clients include Groupe PSA, AXA, E.Leclerc and Häagen-Dazs. It follows WPP's acquisition of Germany's creative agency Thjnk.
- WPP digital and CRM agency Wunderman entered into a partnership with startup incubator and accelerator firm **Founders Factory** to provide clients with early access to promising startups and entrepreneurial talent.
- Influencer marketing agencies like **CLEVER** (<http://www.realclever.com>) that provide social media, blogger outreach, digital influencers, and branded content for advertisers like Kimberly-Clark, Mars, GM, Lenovo, etc. are still in high demand. The agency founded in 2009 is known for its work on the #batkid story and for receiving various awards: Shorty Award for Best Small Agency, WOMMA's Gold Award for Marketing, and PR News' award for Best Viral Campaign.
- Publicis Media retired its Mediavest brand, which handled some of the biggest media accounts (i.e., Procter & Gamble, Coca-Cola, and Kraft Heinz). Mediavest and sibling media shop Spark merged in 2016 to create Mediavest | Spark, now being renamed **Spark Foundry**. The move aims to communicate

the shop's move beyond media to content, analytics, commerce, insights, and technology and innovation.

- MullenLowe Group acquired PR and communications agency Salt to become **MullenLowe Salt**. The shop, which has offices in London and Singapore, will continue work with clients like Unilever, Ferrero, and ManpowerGroup.
- Performance-marketing agency Merkle, part of Dentsu Aegis Network, acquired UK-based data analytics firm **Aquila Insight Limited**, which provides predictive analytics, media mix optimization, digital analytics, and CRM to brands throughout Europe.

A recap by COMvergence of major H1 agency mergers and acquisitions:

- » One-third fewer acquisitions were observed in H1 2017 vs. H1 2016 (43 vs. 68).
- » Among the 43 agencies/groups acquired, 26 belong to the digital universe (60%), 12 to creative and four to media. Two are full-service holding companies (Dwi Sapta Group in Indonesia and Grant Group in Sri Lanka) both acquired by Dentsu.
- » Among the five largest acquisitions, three were made by Dentsu (blue-infinity, Dwi Sapta Group, SVG Media Group), one by WPP (The Cocktail), and one by Accenture (SinnerSchrader).
- » Among the 26 digital agencies acquired, 23% are specialists (offering one to three core capabilities) and 14 of them offer Data & Analytics among their service offerings. Blue-infinity is the largest acquisition of 2017 so far (acquired by Dentsu, and will be integrated into Isobar network).
- » Nine of the 43 acquisitions (21%) were made by international IT & consultancy firms.

MERGERS & ACQUISITIONS

H1 2017

Nota: Early July 2017, Vivendi finalized the acquisition of the 60% stake that Bolloré Groupe holds in Havas. In our further report Havas will be branded as Vivendi / Havas.

THREE KEY FIGURES



#	Holdings	ALL SEGMENTS (creative, digital and media)		
		Number of acquisitions	Headcount	Total Revenues (in US \$m)
1	Dentsu	14	1 907	\$148
2	WPP	10	975	\$96
3	Havas	5	158	\$27
4	Interpublic IPG	2	100	\$12
5	Publicis Groupe	2	50	\$7
6	Omnicom Group	1	45	\$9
IT & Consulting Cos. Accenture Interactive, PwC Digital Services, Cognizant, Deloitte Digital		9	930	\$112
TOTAL		43	4 165	\$411



H1 2017

CONFIDENTIAL @2017

Edition 5

See how stronger relationships contribute to better marketing. Contact us at www.agencymania.com.

If others in your organization are interested in receiving this Industry Update, please let them know that they can sign up on our site at www.agencymania.com/subscribe.html.

If you have any comments or would like to update or change your contact information, please contact us at subscription@agencymaniasolutions.com.

Noteworthy quotes:

- » “There is a low barrier to entry for larger clients to try projects with smaller agencies. And generally speaking, the results are a win-win for all involved. Big clients see great ROI when they go outside of their AOR relationships to try projects with smaller shops. They get fresh, divergent thinking that institutional AORs would have never imagined.”—Joe Parrish, partner and chief creative officer, **The Variable**
- » “In short, we sit at the intersection of creative brand innovation, digital transformation, and business strategy. Like a traditional advertising agency, we have the creative capabilities that help companies thrive, but we also offer the business acumen, technological capabilities, and industry insights needed to truly transform businesses and spur long-term growth.”—Alicia Hatch, CMO, **Deloitte Digital**
- » “We believe we have a responsibility to our industry. It’s incredible to see we are operating exactly the same way we were 20 years ago. We look at Omnicom, at WPP. We are not putting technology at the core of our own model. We are the only service industry that has not tried.”—Arthur Sadoun, chairman and CEO, **Publicis Groupe**
- » “We’re big fans of blurring the lines between digital and creative. Marketers are no longer looking for single-source solutions for their creative work.”—Greg Paull, founder and principal, **R3**
- » “We had too many agencies – 3,000. We are halving the number of agencies we work with and investing more with our strategic agencies. We’ll still be working with locally relevant agencies—that mobile specialist in –Jakarta—but that group in the middle didn’t offer any differentiation. It will save time, but also means we can negotiate better, more complex agreements with fewer agencies.”—Keith Weed, Chief Marketing and Communications Officer, **Unilever**

WORK: producing great work and outcomes

Who doesn’t like to see great work recognized in the marketplace for its creative brilliance or performance? Well, we may see a little less in 2018. Publicis Groupe pulled out of all awards shows for a year, banning all of its agencies from taking part in them, to help fund and build a group-wide AI system titled Marcel as a draw for both talent and clients. The platform will enable the company’s 80,000 employees in 130 countries and across 200 fields to collaborate and pitch to work on projects that match their skills and predict client needs.

- **Small Agency Award by Ad Age** honors independent shops that stand out for their amazing creative and strategy, strong culture, and great results. Winners (Gold & Silver respectively) are... In all categories: Terri & Sandy (NY), Eleven (San Francisco). In the Integrated Campaign category: gnet (LA), Zulu Alpha Kilo (Toronto). Digital category: Badgers & Winters (NY), We Are Pi (Amsterdam). International category: Zulu Alpha Kilo (Toronto) and 101

(London). 76-150 employees category: McGarrah Jessee (Austin), Wongdoody (Seattle). 11-75 employees category: Camp + King (San Francisco), NA Collective (NY).

- **WPP’s Mindshare** became the first global media agency to gain accredited ‘Actions on Google’ Channel Partner status, allowing the agency to develop ‘Actions’ on the Google Assistant for brands. Mindshare also develops Skills for the Amazon Echo voice-activated platform.
- A new report by Forrester shows that **autonomous vehicles** are about to open a new frontier for brands to build deeper digital relationships with customers via in-car advertising and high-tech infotainment.
- **Nike, Inc.** is now selling some of its products through the Facebook-owned photo-sharing app Instagram.
- Adobe’s testing and optimization platform, **Adobe Target**, was upgraded with Sensei, the company’s framework for artificial intelligence, making the creative development process easier with one-touch personalization across channels, including email marketing, mobile, and connected devices. Sensei uses machine learning to determine the best experience for the individual.
- **Wendy’s** humorous, snarky Twitter account proved to be highly successful with the millennials audience, with its follower base jumping 80% to reach two million in the past year.
- **Crayola** launched a new campaign with its agency McGarryBowen to announce the retirement of crayon color Dandelion in a much-promoted Times Square event, and leveraged the opportunity to add customer engagement and suspense. The first week of the Dandelion announcement generated four billion impressions. Parents voted among five possible names for a new blue Crayola hue, and the brand received +300,000 consumer suggestions.
- **Omnicom’s Sparks & Honey** holds a monthly “Live Culture Briefing,” which is an extension of the shop’s daily internal discussion of cultural trends from the past 24 to 48 hours. The agency’s active learning system, Q™, identifies signals and patterns, combining data (syndicated, unstructured, campaign, financial, operational) and automated score trends based on a taxonomy of 90+ trends. It relies on its human network that ranges from internal staff to an Advisory Board (33 individuals, CEOs, startup founders, artists, scientists, and others), and their global scout network.
- **Input briefing** is a topic of continued interest among advertisers. “How many brief types have you seen?” Darren Woolley, CEO of TrinityP3, invites you to share what you see on Twitter using the hashtag #anotherbriefformat.
- Global full-service digital agency **Isobar**, which include clients Mondelez, L’Oréal, Heineken, Vodafone and Nestlé, started two new entrepreneurial ventures to bring in alternative revenue streams while applying their diverse skill sets: sunglasses brand We Are Eyes and a coffee shop called The Side Project. The agency has over 4,000 people in 70 offices across 44 markets worldwide and has won over 350 awards.

3/10

See how stronger relationships contribute to better marketing. Contact us at www.agencymania.com.

If others in your organization are interested in receiving this Industry Update, please let them know that they can sign up on our site at www.agencymania.com/subscribe.html.

If you have any comments or would like to update or change your contact information, please contact us at subscription@agencymaniasolutions.com.

- Coke got personal with its newest jingles in a musical twist on its **“Share-a-Coke”** campaign. Coke recorded unique songs featuring the first and last names displayed on its bottles now in stores, using nine singers to record the songs and producing 1,000 unique jingles created from 25 different original music tracks.

Noteworthy quotes:

- » “The prospect of Amazon emerging as the main rival to Google and Facebook’s duopoly over digital media seems increasingly plausible, now that some of the world’s biggest brands are starting to consider it for their budgets.”—Seb Joseph, Brands editor, **Digiday UK**
- » “We’re seeing brands evolve their marketing communications to be more engaging, more participatory and, ultimately, more personalized.”—Adam Tucker, President, **Ogilvy & Mather New York**
- » “It’s important to remember that creative, impactful branding is no longer generated in a silo. Orchestrating every aspect of the customer experience requires expanded capabilities that reach far beyond the traditional CMO role.”—Alicia Hatch, CMO, **Deloitte Digital**
- » “For the time being, it seems likely that marketers will continue to avail themselves of the services of both Mad Men and Organization Men, but it’s clear that the lines between traditional advertising agencies and digital consultancies will continue to blur.”—Michael J. McDermott, author
- » “Obviously, Amazon’s a retailer. But even without the buy button, it is the largest product information and reviews site, the most important product and shopping-specific search engine; as a social channel, it is at least as important as Facebook to most brands; it is a logistics provider; it is a technology stack; it is a product and brand research and launch platform; it is a technology platform that is defining in-home commerce via voice interactions.”—Frank Kochenash, global SVP of commerce, **Possible**
- » “Technology is too fast, but the success of R/GA is that it’s a business that’s based on an idea rather than a craft. The problem with the advertising agency model is that it’s based on a craft.”—Barry Wacksman, global chief strategy officer, **R/GA**
- » “Programmatic is a perfect way to lose that control. I think we were quite lucky to set up an independent programmatic trading desk within Mindshare and WPP. We have complete visibility into what’s going on.”—Keith Weed, Chief Marketing and Communications Officer, **Unilever**

FINANCIALS: driving efficient use of resources

A report from Bloomberg indicated that Amazon’s Jeff Bezos, with a net worth of \$90 billion, was the richest person on the planet, at least for a short while, until Bill Gates reclaimed his title. If only illustrative, it shows the rapid gains made by Amazon in many categories including advertising, strong in its ad platform. Seattle-based ecommerce giant Amazon is positioning itself as the ad platform leader for advertisers, going beyond its search and programmatic offering to now include Amazon’s Echo personal assistant and its Prime Video service. GroupM claims that clients are spending 10 to 15 times more on paid Amazon search ads each month in 2017 than a year ago. Researcher eMarketer predicts they will rise by a third to \$1.5 billion this year and top \$2.4 billion by 2019.

- **Unilever** announced that it cut agency fees by 17% in the first half of 2017. The move follows the zero-based budgeting approach introduced by Unilever last year focused on improving productivity and reducing waste. The brand also moved work to its in-house branded content division U-Studio, launched last year.
- Another consumer product giant **Procter & Gamble Co (P&G)** cut \$140 million in ‘largely ineffective’ digital ads (out of a total \$2.45 billion in US advertising) and experienced little impact on its business. The move happened as part of a bigger push by the company to stop spending in areas that do not show tangible business results for its brands. The brand also reduced overhead, agency fee, and ad production costs in the same quarter.
- Per a study by Zinnov Consulting, **spending on the Internet of Things** is now at \$140 billion (of which 40% is in North America) and category spending is expected to grow 18% a year to \$322 billion within five years.
- WPP’s Martin Sorrell coined the term **“short-termism”** as advertisers focus on short term decisions that range from the way they manage marketing priorities and budgets to agency relationships.
- Per a recent survey by Advertiser Perceptions for MediaPost, while **labor-based fees** are the No. 1 method preferred by agencies (45%), incentive methods were the top choice among marketers (40%).
- **Facebook’s** ad revenue in the second quarter hit \$9.16 billion, up 47% from the same period in 2016, with mobile ads accounting for 87% of that revenue. The platform now has 1.32 billion daily active users, a 17% year-on-year rise, and 2.01 billion monthly active users, again a 17% year-on-year growth.
- Google parent **Alphabet** handles about a third of digital ad revenue globally, making it the world leader with a projected \$73.8 billion in sales this year (followed by Facebook with \$36 billion this year), two-thirds of which will come from mobile. Google represents 33% of the world’s \$223.7 billion in digital ad revenue this year.

- Per the 4A's, **advertising labor billing rates** were higher in 2016 than in 2014, with an hourly average rate of \$155, compared to \$152 two years earlier. Hourly billing rates increased for account executives, copywriters, art directors, and media planners and buyers.
- **Interpublic** reported a 1.7% decline in revenue for the second quarter to \$1.88 billion, citing unfavorable currency fluctuations, less-than-anticipated client spending, and the effects of some client losses, including Fiat, TD Bank, Sprint, and USAA. Organic revenue growth was just 0.4%. Operating income fell 8% to \$224.5 million and net income plummeted 40% to \$94.7 million. Staff reductions and rigid cost controls are planned. The firm is still planning to reach an operating profit margin of 12.5%, an improvement of 0.5% over the prior period. IPG's segment containing its non-advertising marketing services companies posted weaker results vs. the traditional advertising segment.
- **Omnicom Group** posted organic growth of 3.5% for the second quarter, despite the North American market showing just 0.2% growth, down from 1.1% in the first quarter of 2017. Worldwide revenue was down by 2.4% in the second quarter to \$3.79 billion, from \$3.88 billion in the second quarter of 2016. Omnicom reported 15.7% EBITA margin. Disappointing US performance was largely due to "operational and management issues." OMC's second largest segment (CRM) continues to post mixed results. OMC is building more integrated and streamlined offerings for clients such as McDonald's, for which Omnicom created a dedicated agency We Are Unlimited.
- **Publicis Groupe** reported organic revenue growth up 0.8% in Q2 2017 driven by contributions from account wins, particularly Walmart, HPE, USAA, Asda, Motorola, and Lowe's that helped to off-set earlier losses. For the first half of 2017, the company posted an organic revenue decline of 0.2%. Consolidated revenue for Q2 2017 was 2,515 million euro (\$2.89 billion), up 2.2% from 2,462 million euro (\$2.83 billion) in Q2 2016. For the first half-year, consolidated revenue was up 4,843 million euro (\$5.57 billion), up 1.9% from 4,753 million (\$5.47 billion) in 2016.

- » "I'm proud to say that never, in all the pitches I've run, has the cheapest agency been chosen on the basis of cheapness. In many cases, the more expensive option on paper becomes the winner. Price is important, sure – and I'm not suggesting that you inflate your numbers; but it is a component of value, not the other way around."—Darren Woolley, CEO of **TrinityP3**
- » "While we continue to expect growth for agencies, challenges that became much more visible by the middle of last year are likely to compress expansion in years ahead vs. prior expectations."—Brian Wieser, senior analyst, **Pivotal Research Group**

PERFORMANCE: driving stronger performance and value from the partnership

Much focus is on improving the accountability of digital media as budgets continue to shift from traditional media. Nielsen's official ratings now include viewing figures from YouTube and Hulu for shows watched on desktop and mobile that display the same ads as those on TV. Viewing reports will be included in TV ratings for live and time-shifted viewing of shows watched within three to seven days of the original broadcast.

- How do you get 100% open rate from a newsletter? Well, you provide what readers want, including interviews and curated content about a popular show. The New York Times reports that its **Game of Thrones**-themed pop-up newsletter has attracted more than 61,000 subscribers and that its open rates in two weeks exceeded 100%.
- **Social use** on the rise. Per eMarketer's forecast, one-third of the world's population, or 2.46 billion people (and 71.0% of internet users), will view a social site at least once monthly this year. Social media use has increased 8.2% since last year, boosted by smartphone usage and expanding mobile coverage.
- **Six-second ads** are now the standard format in digital media, championed by YouTube, Fox, and now Facebook to effectively combat consumers' growing ad avoidance. Facebook conducted a test with Tropicana and compared the results from ads that were 6, 15, and 30 seconds long. The shortest saw "higher brand metrics across the board."
- **Snapchat** enhanced its independent verification which already includes 15 partners, by adding four additional ones—Nielsen, Marketing Management Analytics, Neustar MarketShare, and Analytic Partners—to examine marketing mix modeling. 55% of every advertising dollar invested on the platform included some kind of independent measurement.
- After the **US Army** released a request for proposals for its advertising and marketing business and cut McCann Worldgroup from the review, the agency filed a protest against the government client in light of their "arbitrary and capricious decision." McCann Worldgroup, which includes agencies like Weber Shandwick and UM, held the US Army business since 2005.

Noteworthy quotes:

- » "Organic growth is the key metric of the industry, it is the demonstration of our attractiveness in the market; it is the demonstration that we are competitive and that our model is both built on our clients' needs and sustainable."—Arthur Sadoun, CEO, **Publicis Groupe**
- » "It's really easy to save money by downgrading the quality of the media that you acquire. The CPMs go down, the GRPs remain the same, and the client saves money. But it doesn't always have the same effectiveness, and it doesn't always have the same outcomes. We believe that our role is to help guide a client to optimize their profits, not to save money on media expenditures."—Irwin Gottlieb, global chairman, **GroupM**
- » "All of those big shops started small and grew by doing great work for appreciative clients. Cheers to those agencies out there who are small in size, but big in ambition."—Joe Parrish, partner and chief creative officer, **The Variable**

- French cosmetics company L'Oréal partnered with Google on an initiative called "**Media Bets**," which involves analyzing YouTube data to find the most suitable content for six-second pre-roll spots. Media Bets is being funded out of a special budget L'Oréal sets aside for experimental ad initiatives.
 - Per the ANA "**Trends in Agency Compensation**" research, tips for advertisers include: 1) Collaborate to align incentives, 2) Establish transparency accountability, 3) Align compensation to business goals, 4) Conduct timely reviews using mutually understood criteria.
- Noteworthy quotes:
- » "Midsize and larger clients are increasingly looking for opportunities outside the Big Six, and more are inclined to consider working with one of these companies. Out of 42 US pitches, 16 have moved to independents."—Olivier Gauthier, founder and principal, **COMvergence**
 - » "AI platform Marcel is another source of proof of our desire to build a better Publicis,"—Arthur Sadoun, CEO, **Publicis Groupe**
 - » "Branded content is the best way to start that dialog, creating trust that is reciprocal and communal, while letting influencers and the general public participate in a brand in an authentic, emotional way. With time, that content will create more engaged audiences and (hopefully) more ROI for advertisers."—John Limotte, founder, CEO and executive creative director, **Mustache**
 - » "We also created a tool to appraise wear-out and wear-in. We were only wearing out 1% of our ads, and weren't wearing in 60% of our ads. So, we've cut the number of ads we're making by 30%, keeping our brand marketing investment, but within that, cutting what we spend on production and agency fees."—Keith Weed, Chief Marketing and Communications Officer, **Unilever**

Agency Mania: don't panic, it's a good thing! - Patricia Berns, Agency Relations Consultant

Data Scientist emerges as a coveted Agency title

A new agency role is shaping the industry as never before. Today's "always on" customer expects to be able to interact with brands literally anytime, anywhere, on any platform. The growth of artificial intelligence, machine learning, 2.5 quintillion new bytes of data created each day, and consulting firms aggressively moving into the agency space requires agencies to develop more robust data-related skills, and a mindset that historically only existed in technology labs and global C-suite consulting firms.

Introducing the Data Scientist. What distinguishes a Data Scientist from the traditional agency Data Analyst? The title of Data Scientist originated because businesses saw a need for a new, more fully-integrated role that included stronger business acumen, customer/user insights, analytic and statistical background, programming skills, machine learning knowledge, and much more. In most cases, these Data Scientists draw their insights from a wide range of business "chaos," which involves structuring the data in the right manner, mining it, making relevant assumptions, building correlation and causality models, then searching that data for indications of what can deliver the most positive business impact. Traditional Data Analysts, on the other hand, are not trained, compensated for, nor expected to be responsible for this robust end-to-end role. They now are some of the many resources that feed information into the Data Scientist.

The role of Data Scientist continues to grow in importance as evidenced by the fact that top Universities, e.g., Berkeley, Carnegie Mellon, Columbia, Cornell, etc., now offer a Masters' Degree in Data Science. Despite this, there simply are not enough trained Data Scientists to fill the increased demand (forecast to grow 28% by 2020) for this level of sophistication.

Airbnb's answer to cultivating Data Scientists for their in-house Agency?

They have launched their own university! Airbnb's innovative idea was to create Data University to help educate their in-house agency, as well as ensure their entire workforce is more data literate. They developed a Data Science-driven curriculum with three levels of programs: Data Awareness, Data Collection and Visualization, and Data at Scale. This tiered level of education enables even non-technical employees to develop a core understanding of the extraordinary value of robust data to Airbnb. Since launching the program in Q3 2016, Airbnb has seen weekly active users of their data science tools rise from 30 to 45%. In addition, they have seen an increase in employee engagement and overall understanding of the critical role Data Science plays across every aspect of their business.

Airbnb credits the success of Data University to three best practices:

- Designing an accessible curriculum for everyone,
- Working with leadership across the company to set data literacy expectations, and
- Finding ways to measure the success of the University.

AGENCY REVIEWS AND ROSTER CHANGES

Recent media reviews and moves in the US: Per research firm COMvergence, independent media agency Horizon Media was the leader in net new business wins in the US among media agencies for the first half of 2017, securing over \$900 million in incremental billings during the period, led by its victory in the \$690 million Sprint review. MediaCom was the winningest agency in global and regional pitches for the first half in a report that did not include US reviews.

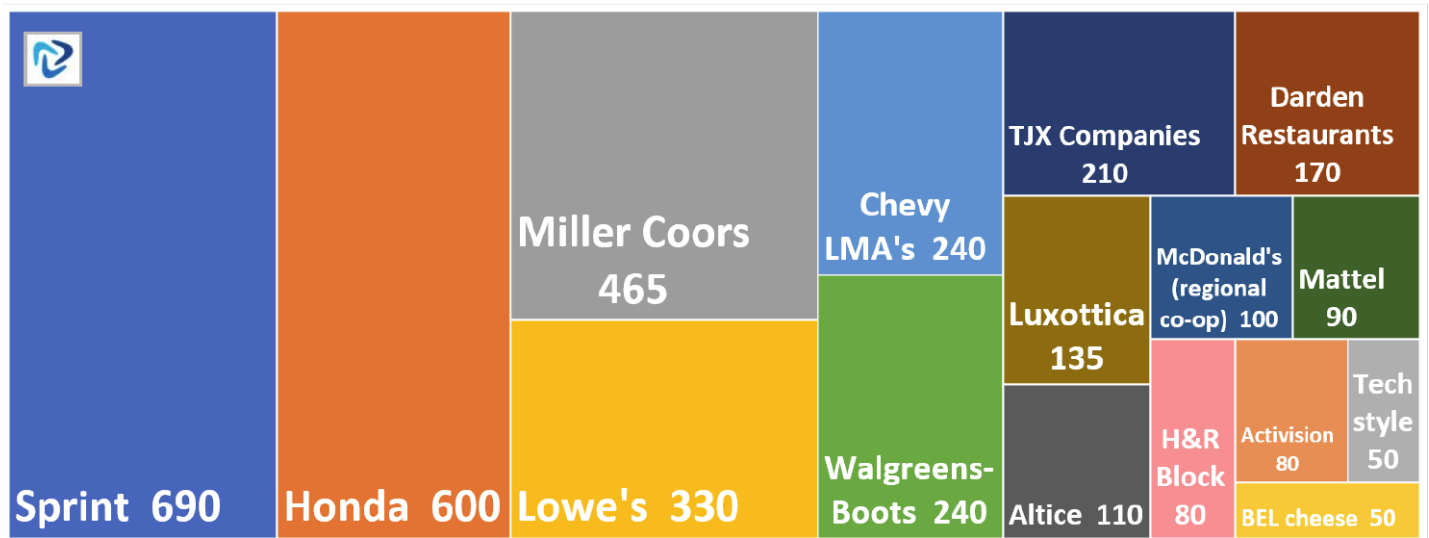
According to AdWeek and consultancy R3, the top five creative agencies showing the most wins in the US by May 2017 include IPG's McCann Worldgroup, WPP (team WBA), independent Droga5, independent Venables Bell & Partners, and IPG's Deutsch (Source: AdWeek, Patrick Coffee, July 12, 2017)

Disclaimer: The reviews listed often capture larger review activity reported in the industry trade press, which we understand to be only a subset of total review activity. Specialist reviews (digital, social, PR, etc.) are rarely reported in the trade press. Also, due to the increasing number of project reviews (versus AOR/retainer reviews), many of those are not receiving media attention and therefore are not included here.

- Retail chain **HomeGoods** (TJX) hired Interpublic Group's McCann New York to handle its creative account following a review, replacing incumbent MDC Partners' KBS which handled the account since 2009. KBS declined to participate in the review.

- Restaurant chain **Church's Chicken** hired WPP's JWT Atlanta as its agency of record following a review, replacing incumbent Boulder-based Made Movement whose relationship with Church's ended a year ago. The brand had been working with San Francisco-based Erich & Kallman on a project basis.
- Sandwich chain **Subway** kicked off a formal North America agency review for creative and media that includes current agency partners. Subway has long-standing agency relationships with Mediacom (17 yrs.), MMB (14 yrs.) and Carat (10 yrs.). The brand also works with agencies like The Martin Agency on a project basis.
- Beauty giant and product manufacturer **Coty** selected IPG's R/GA to handle creative marketing for its recently acquired hair care brands Clairol and Wella after a review. WPP's Grey had been lead creative agency on both Clairol and Wella before P&G and Coty finalized the merger late last year, at which point the agency officially resigned from its duties on all brands involved in the deal.
- Miller Lite** selected Omnicom DDB Chicago to handle its creative account (after landing the digital business earlier), replacing incumbent agency 180LA, only three months after taking the digital business from DigitasLBi. DDB is the third Omnicom creative shop (after TBWA and 180LA) to get a chance to work on the Lite brand in the past three years.

THE 16 LARGEST (COMPLETED) MEDIA PITCHES & MOVES IN THE USA / H1 2017 (MEDIA SPEND >\$50M)



NEW BUSINESS BAROMETER

H1 2017

USA

DIGEST

42 media pitches and moves

26 won/retained by Intl media agency networks

16 by independents / standalone agencies (part of an intl. group)

2 retained by the incumbent

\$m 4 290 total spending

\$m 1 130 from global & multi-market pitches (12)

\$m 3 160 from US-only or N.A. pitches (15)

\$m 213 from retentions

Top 5 media pitches & moves

- Sprint** \$690m
- Honda** \$600m
- Miller Coors** \$465m
- Lowe's** \$330m
- Walgreens-Boots** \$240m

Total New Business volume (incl. retentions)

Horizon Media +\$910m

GroupM+\$240m

Mediabrand - \$435m

NEW BUSINESS BAROMETER

H1 2017

USA

BASED ON THE DATE OF ANNOUNCEMENT

ADSPEND SOURCED FROM NIELSEN (>\$10M) (PERIOD: YEAR 2016)

Note: Blue 449, Hearts & Science, and Zenith have not recorded any major moves greater than \$10m in H1 2017.

	USA media AGENCIES	TOTAL new business incl. retentions rounded in \$m	NEW CLIENT WINS		LOSSES		RETENTIONS		NET new business excl. retentions rounded in \$m
			nb	total adspend in \$m	nb	total adspend in \$m	nb	total adspend in \$m	
1	Horizon Media	+ 910	5	910	-	-	-	-	+ 910
2	RPA (Rubin Postaer & Associates)	+ 600	1	600	-	-	-	-	+ 600
3	Connect at PM (bespoke agency to serve Miller Coors account)	+ 465	1	465	-	-	-	-	+ 465
4	Starcom	+ 325	1	325	-	-	-	-	+ 325
5	MediaCom	+ 305	4	305	-	-	-	-	+ 305
6	Carat	+ 230	1	240	1	10	-	-	+ 230
7	Empower MediaMarketing	+ 140	3	140	-	-	-	-	+ 140
8	Mindshare	+ 130	2	220	1	90	-	-	+ 130
9	MullenLowe Mediahub	+ 65	3	65	-	-	-	-	+ 65
10	Maxus	+ 55	4	55	-	-	-	-	+ 55
11	Assembly	+ 45	2	45	-	-	-	-	+ 45
12	UM	+ 30	2	70	1	40	-	-	+ 30
13	PHD	+ 20	1	40	1	20	-	-	+ 20
14	Vizeum/360i	- 30	-	-	1	30	-	-	- 30
15	Essence	- 40	-	-	1	40	-	-	- 40
16	MEC	- 45	1	10	2	55	-	-	- 45
17	Havas Media	- 50	3	65	2	115	-	-	- 50
18	Neo@Ogilvy	- 165	-	-	1	165	-	-	- 165
19	Hill, Holiday (Trilia)	- 210	-	-	1	210	-	-	- 210
20	U.S. International Media	- 240	-	-	1	240	-	-	- 240
21	OMD	- 420	1	100	5	735	2	215	- 635
22	Initiative	- 465	-	-	1	465	-	-	- 465
23	Spark Foundry	- 1 115	3	220	4	1 335	-	-	- 1 115

- E-commerce giant **Amazon** is conducting a global media planning and buying agency review. The brand spent more than \$5 billion on advertising and promotional costs in 2016, \$1 billion is estimated to be earmarked for measured media expenditures worldwide. Omnicom, which handles competitor Google, will not participate. IPG Mediabrands' Initiative won Amazon's global media business in 2013. US digital media is handled by MEC.
- Luxury-goods giant **Richemont** (brands include Montblanc, Piaget, Cartier, and Alfred Dunhill) hired WPP's MediaCom to handle its \$400 million global media planning and buying account following a review, replacing incumbent Publicis Media agencies.
- **Post Holdings** selected Minneapolis agency Public Works as its creative agency of record for its Honey Bunches of Oats cereal brand, expanding its scope to go beyond the work the agency is already doing for brands such as Pebbles, Honeycomb, Malt-O-Meal and Great Grains.
- French game development company **Ubisoft** (which owns franchises "Far Cry" and "Assassin's Creed") hired Shoptology as their shopper agency of record following a review. The brand works with numerous creative agencies including Project Worldwide, 360i, Omelet, DDB, Mistress, and recently selected UM, to handle its media in the US.
- Nissan-owned brand **Infiniti** hired MDC Partners' 72andSunny to handle its global creative for several upcoming launches in partnership with Omnicom's OMD, the global media AOR. The incumbent and 72andSunny sibling CP&B will continue to work with the brand. Omnicom Group's TBWA, will also continue to work on projects. MDC Partners' Union will continue working on Infiniti in Canada.
- Apparel brand **Express, Inc.** hired VML as its media agency of record with a focus on sales optimization, paid media, search, and analytics. VML will work in close partnership with Express' in-house team responsible for the creative execution.
- Cosmetic giant **Revlon** consolidated its creative and media accounts with WPP's Grey, the client's new global creative AOR, and sibling media agency MediaCom, without a review. MediaCom is expanding its duties to handle media planning and buying globally and across all brands.
- French tire company **Michelin** selected Havas Media as its worldwide media planning and buying agency of record, following a competitive review and replacing incumbent WPP MEC. Havas Media's Paris headquarters will run the account, with its Chicago office handling the business in the US. The agency will collaborate with TBWA\Chiat\Day, Michelin's global creative agency of record.
- Beverage giant **MillerCoors** changed its creative agency roster for its Miller brand for the fifth time in less than six years, following a review and assigning global duties on Miller Lite and Miller Genuine Draft to Omnicom's DDB Chicago and London-based adam&eveDDB, respectively, keeping the business within the Omnicom family, replacing incumbents 180LA and Juniper Park.
- **PepsiCo** launched an Omnicom-only creative review in the US, potentially moving to a lead agency model under one roof. The brand has worked with many Omnicom shops in the past (incl. BBDO & TBWA), and occasionally went outside the network to work with agencies like Mekanism, Dentsu Aegis Network's Firstborn, and WPP's VML.
- The largest investor-owned energy companies in the US, **Consolidated Edison**, Inc. (aka Con Edison) hired Havas New York as its lead agency for creative and media following a review, replacing incumbent The Gate Worldwide.
- Fast-food chain **Jack in the Box** kicked off a media agency review as part of the brand's commitment to regularly evaluating resources, partners, and vendors. The incumbent Horizon Media, the media AOR for 15 years, will defend. Los Angeles agency David&Goliath will keep handling the brand's creative account.
- **Southwest Airlines** kicked off a media agency review after working with Dallas-based Camelot Strategic Marketing & Media, which resigned the business after more than 30 years. The new agency will work with Austin-based GSD&M, which has been Southwest's creative agency of record for decades.
- Financial services company **Manulife** hired Deloitte Digital's Heat as its global creative agency, replacing incumbent Interpublic Group's Hill Holliday, which was the AOR for 32 years. The brand also hired WPP's m/SIX and Wunderman for global media planning, buying, and analytics.
- Luxury automaker **BMW Canada** selected Interpublic Group's FCB as its agency of record following a review, replacing incumbent Cundari, which was the AOR for the past 22 years and survived prior reviews until now. BMW US is expected to conduct a review as well next year; the incumbent agency is MDC Partners-owned KBS. The US brand recently hired Omnicom's Critical Mass to handle web development following a review, Laundry Service to handle social media, and MDC's Gale Partners to handle CRM.
- Eco-minded grocery chain **Whole Foods Market** (soon part of Amazon) kicked off a creative agency review. The brand has worked with New York-based Partners & Spade since 2014. The move takes place following a review of its media business, which led to WPP-owned MediaCom being assigned as AOR.

Agency Roster Summary

Client	Incumbent	Scope	New Agency	Review?
Amazon	Initiative	Media	TBD	Y
BMW Canada	Cundari	TBD	FCB	Y
Church's Chicken	Made Movement	TBD	JTW	Y
Consolidated Edison	The Gate Worldwide	Creative	Havas New York	Y
Coty	Grey	Creative	R/GA	Y
Express		Media	VML	N
HomeGoods (TJX)	KBS	Creative	McCann	Y
Infiniti	CP&B	Creative	72andSunny	Y
Jack In The Box	Horizon Media	Media	TBD	Y
Manulife (John Hancock)	Hill Holiday	Creative	Heat	N
Michelin	MEC	Media	Havas Media	Y
MillerCoors Miller Genuine Draft	Juniper Park	Creative	Adam & Eve/DDB	Y
MillerCoors Miller Lite	180LA	Creative	DDB	Y
PepsiCo		Creative	TBD	Y
Post Holdings		Creative	Public Works	N
Revlon		Creative	Grey	N
Revlon		Media	MediaCom	N
Richemont	Various	Media	MediaCom	Y
Southwest Airlines	Camelot Strategic Marketing & Media	Media	TBD	Y
Subway		Integrated	TBD	Y
Ubisoft		Creative	Shoptology	Y
Whole Foods Market	Partners and Spade	Creative	TBD	Y

Disclaimer: The AMS Monthly Industry Update is a summary and analysis of newsworthy agency/client developments picked up in recent trade related publications and news media.

See how stronger relationships contribute to better marketing. Contact us at www.agencymania.com.

If others in your organization are interested in receiving this Industry Update, please let them know that they can sign up on our site at www.agencymania.com/subscribe.html.

If you have any comments or would like to update or change your contact information, please contact us at subscription@agencymaniasolutions.com.



AGENCY MANIA
SOLUTIONS

Strategic Partnerships Delivered.