

Industry Update

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

Volume 33

Executive Summary—Monthly Recap

The decision by Ford Motor Company, the nation’s seventh-largest advertiser, to walk away from WPP as its sole agency partner after 75 years was big news. Nearly half of the account is estimated to be leaving WPP and will be handled by BBDO. The brand has been reported to be seeking \$150 million in annual efficiencies. This is a big win for Omnicom and a major blow for WPP, which for years claimed Ford as one its largest clients under a dedicated unit called Global Team Blue (or GTB), headquartered near Ford’s offices in Michigan, and with 3,000 people in offices around the world. It was originally set up as a multiagency dedicated entity called Team Detroit that was formed in 2006, including JWT, Ogilvy, Y&R, Wunderman, and Mindshare, before being rebranded GTB. Such a radical move is significant, with Ford’s reported spend having been \$4.1 billion in 2017. The territorial battle inside Ford is likely to go on between Omnicom and WPP and other independent firms like W+K.



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—**Talent, Work, Financials,** and **Performance and Value**—which is how we’ve organized industry developments to follow.

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TALENT: securing the right talent and resources

In-house agencies are still on the rise, with more than two-thirds of advertisers now having some in-house agency capability. The top services that have moved from external agencies to in-house departments have been content marketing, social media, and influencer marketing. Top reported benefits of in-house agencies include cost efficiencies, better knowledge of brands, institutional knowledge, dedicated staff, speed, and nimbleness. Even Ford Motor Company, as part of a global marketing operations restructuring, created in-house marketing positions previously handled by WPP’s team, Global Team Blue (GTB). Managing partnerships—in-house or external—has never been more critical: check out the newly introduced Agency Management eTraining offered by the ANA.

- Per the Association of National Advertisers (ANA) report “The Continued Rise of the In-House Agency,” 78% of its members have an **in-house agency** in 2018 vs. 58% in 2013 and 42% in 2008. 90% also work with an external agency. 44% had their in-house agency established within the past five years, ranging from strategy, creative for traditional media, creative for digital media, and media planning/buying. 30% have in-house programmatic buying capabilities and 70% have in-house video production capabilities. Overall satisfaction with in-house agencies is high at 79%.
- The ANA is launching its inaugural **ANA In-House Agency Conference** March 13-15 in Orlando, Florida to share practical ideas for both establishing an in-house agency and running one more efficiently, leveraging insight from brands like Nationwide, Clorox, Verizon, Bank of America, Walt Disney Parks and Resorts, and Electronic Arts.

“

AGENCY MANIA remains the industry’s playbook for navigating the matrixed and hyperdynamic world of advertising. Bruno skillfully guides the reader with a baseline of all the relevant industry players, a path to optimize win-win outcomes, and tips to manage in this complex environment.”

ANTONIO HUMPHREYS, Senior Manager
Adobe, Inc.

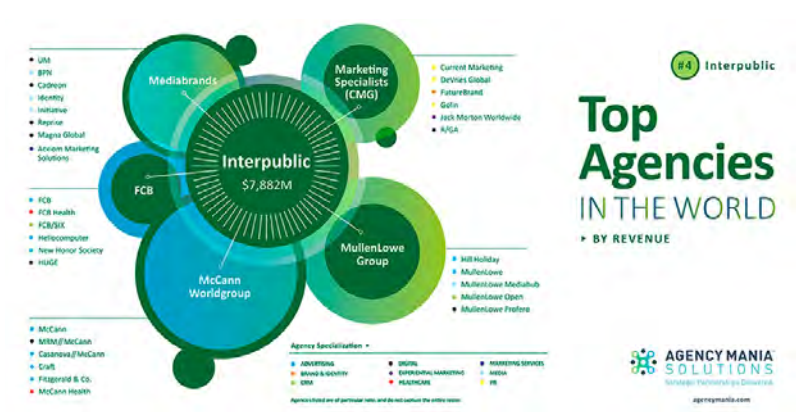
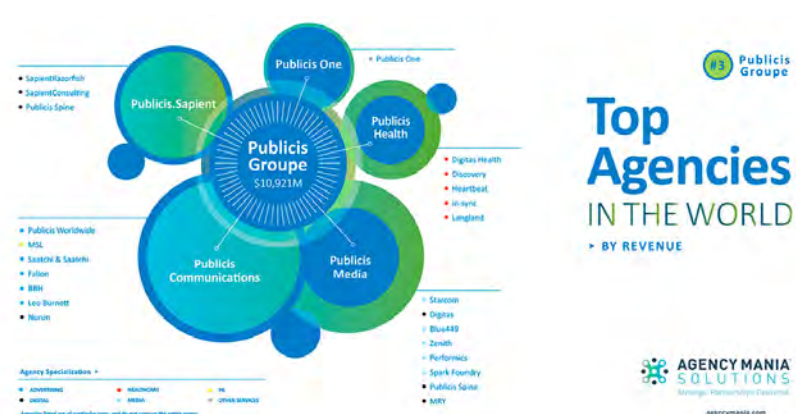
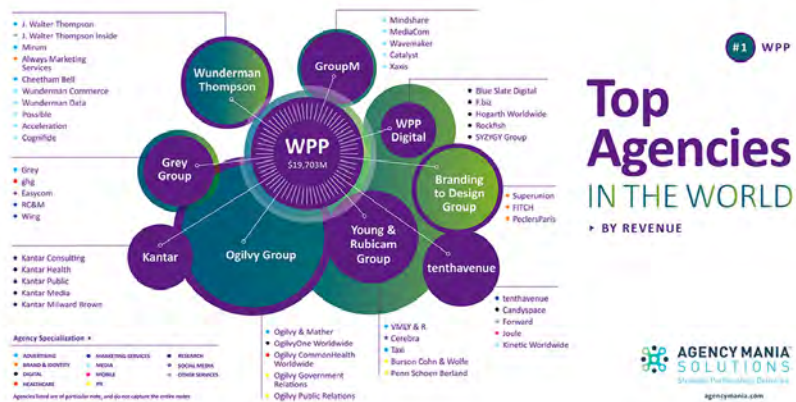


- The Association of National Advertisers (ANA) launched its two-hour-long **eTraining course on Agency Management** (conducted by Agency Mania Solutions' Bruno Gralpois) designed to help answer those questions and develop the skills of an effective client leader or active user of agencies: <https://www.ana.net/ondemand/show/id/OD-AGM07>
- Automaker **Ford Motor Co.** created more than 100 new in-house global marketing positions for brand design, media tools, technologies, digital labs, and customer experience as part of a larger initiative that led to replacing WPP as its single agency partner—after 75 years—with Omnicom-owned BBDO as its lead creative agency. WPP, which claimed Ford as its largest global client, still remains involved in some capacity: WPP's dedicated network GTB will remain part of Ford's team. The auto giant also selected independent Wieden+Kennedy (W+K) for innovative project work.
- Nearly a decade later, a provocative and eye-opening new edition of **Agency Mania**, published by Beaufort Books, presents insights and best practices for marketers and advertisers. Agency Mania 2nd edition will be released in early 2019. It's available now for preorder on major book retailers' websites, including Amazon.com, Target.com and Barnes & Noble. For more details: <https://agencymania.com/book/>
- **Interpublic Group** aligned diversity targets with financial benefits for its senior staff. Women make up 43% of their senior management in the US, and people of color comprise 25% of the IPG workforce.
- Per WSJ, tech consultants are **“the New Mad Men,”** indicating that the fight between ad agencies and tech consultants is greater than ever, as brands shift focus from traditional ads to digital, ecommerce, and social channels.
- MDC Partners' **Anomaly** launched a specific division within the agency tasked to help brands participate in contemporary culture, as well as cultural movements related to diversity and identity.
- **Conde Nast** launched a newly expanded creative agency called CNX which will handle all advertising, brand strategy, and experiential content for outside clients like Neiman Marcus and Reynolds Consumer Products. Conde Nast's in-house creative studio 23 Stories will be merged with CNX.
- Boston-based Allen & Gerritsen created a new agency approach with its **“In Residency Collaborative,”** which brings together talent from a variety of agencies—Global View Communications, Proper Villains, Honor Code Creative—to co-work and share new ways of thinking.
- Skateboarding legend **Tony Hawk** launched Detroit and San Diego-based D/CAL, a hybrid brand consultancy and creative agency, at the intersection of culture and commerce, with an emphasis on authenticity.
- **Publicis Groupe** launched a review of its asset portfolio to optimize the allocation of its resources and focus on top performing segments and entities. The holding company decided to divest its healthcare practice (Publicis Health Solutions) after the unit reduced the company's organic revenue in prior quarters.
- To simplify how it interfaces with clients and become a more efficient WPP, the holding company decided to integrate its healthcare operation in the US into several agency brands, including VMLY&R, Ogilvy, and Wunderman. The result is the formation of **VMLY&R Health, Ogilvy Health, and Wunderman Health**. Grey and J. Walter Thompson will continue offering existing integrated healthcare services.
- **WPP Mindshare** launched a voice and visual consultancy to help clients navigate the new wave of digital disruption that will be driven by audio and visual technologies. Mindshare was recently named Agency of the Year by the Mobile Marketing Association for the second year running.
- **Accenture** acquired Germany's 300-person creative shop Kolle Rebbe to add to its Accenture Interactive portfolio. The agency specializes in cross-channel advertising campaigns and digital content. Clients include Google, Netflix, and Audi.
- Dentsu Aegis Network acquired UK-based market research firm **B2B International**, which will bring clients like Stanley Black & Decker, BASF and Shell into the **gyro** global B2B marketing group.
- Publicis Groupe acquired **Xebia France**, an IT consultancy firm that specializes in data, web, cloud technologies, reactive software programming, and mobility, with clients like Axa, Air France, BNP Paribas, and Sanofi.
- PR firm **Sage Communications** acquired Virtual Marketing, a provider of marketing services for clients specializing in technology & professional services, to boost the agency's offering in traditional marketing, analytics, and research.
- Publicis Groupe acquired Czech Republic's largest independent digital agency, **the Kindred Group**. The group operates several specialized agencies such as digital agencies Nydrle and Inspiro, and media agencies Red Media and Go Direct.
- **Vision7 International (V7)** acquired San Francisco-based creative agency Eleven. V7 is a communications company owned by BlueFocus International, a Beijing, China-based data technology company.
- WPP's J. Walter Thompson (JWT) launched its own boutique agency **MINY**—Made-in-New-York—to specialize in beauty, fashion, luxury, and lifestyle brands.
- **Omnicom Precision Marketing Group (OPMG)**, the digital and customer relationship management (CRM) specialist group within Omnicom Group Inc. acquired a majority stake in Credera, a full-service provider of management and technology consulting services with 300 consulting professionals.

- Per the **ANA CMO Council**, there are five areas on which CMOs must focus: data and technology, talent and capability, customer-centricity, brand experience and innovation, and society and sustainability.
- Courtesy of Agency Mania Solutions, and based on the popular feedback we received in our last industry update with a visual of top world agencies, here is a simple way to look at the key brands behind the four **major holding companies**, >>>

Noteworthy quotes:

- » “Agency partnerships can be a brand’s secret weapon in delivering advertising and marketing success.”—Bruno Galpois, co-founder and principal, **Agency Mania Solutions**
- » “In an industry that’s going through a ton of change, there’s one thing that has been incredibly consistent and unique about what we have to offer clients, and that’s the model we’ve built to put our clients next to the creators, allowing them to be side-by-side with the thinkers, makers, doers and real problem solvers who are some of the most brilliant leaders and entrepreneurs of our industry.”—Ryan Linder, executive VP and global CMO, **MDC Partners**
- » “Traditional agencies are becoming increasingly challenged as marketers move more work in-house while encouraging their external agencies to provide differentiated services and increased value.”—Bob Liodice, CEO, **ANA**
- » “It’s not about a specialist or a generalist; it’s time for the multiplist.”—Faris Yakob and Rosie Yakob, co-founders, **Genius/Steals**
- » “A lot of the noise about in-house agencies is that: noise. There’s certain work that doesn’t make sense to push outside and give to agencies. But I haven’t seen one brand-building campaign that came from an in-house agency.”—Avi Dan, Founder, **Avidan Strategies**
- » “GTB has been Ford’s trusted partner for decades, having stood with it in both good times and crisis. We have conducted ourselves with loyalty, pride, honor and above all, outstanding work. We are by no means done as we continue to deliver on multiple fronts.”—Satish Korde, CEO, **GTB**
- » “The marketing industry is facing real challenges to its growth and creativity. It’s no longer enough to discuss these challenges, it’s time we identify actionable approaches to solve them.”—Marla Kaplowitz, president and CEO, **4As**



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- » “If you’re one of the many marketers who are racing to ‘in-house’ your media operations, think about slowly easing off that accelerator. Don’t pull up on that emergency break just yet, but I would certainly take a closer look at the plan you architected or the roadmap you have started down.”—Mark Wagman, managing director, **MediaLink**
- » “One good rule of thumb when considering going in-house or staying outside is this: Any discipline that requires variety and objectivity should be handled outside. But when a ton of content generation is needed, or certain tasks need constant attention to everyday detail, keep it inside.”—Matt Smith, founder-CEO, **SmithGifford**
- » “Our agencies still have to play a really important role—I know there’s a lot of talk around people bringing their business in-house, and I don’t get it.”—Ben Jankowski, SVP of global media, **Mastercard**



WORK: producing great work and outcomes

Per Interbrand, the top 10 brand strength factors are: clarity, commitment, governance, responsiveness, authenticity, relevance, differentiation, consistency, presence, and engagement. Apple, Google, and Amazon were named as most valuable brands in world. Apple (for the sixth consecutive year) and Google maintain top brand leadership, but Amazon is the fastest growing brand in the world. Louis Vuitton was crowned the world’s most valuable luxury fashion brand. Top growing brands: Amazon, Netflix, Gucci, Salesforce, Louis Vuitton, PayPal, Mastercard, Adobe, Ferrari, and Caterpillar.

- Facebook-owned photo- and video-sharing network **Instagram** reached 1 billion monthly users in June 2018. There are 4+ billion likes per day on Instagram, with each image getting an average of 23% more engagement than experienced on Facebook.
- CNBC reported that large CPG brands are moving significant portions of their **Google** search budgets to Amazon.
- Per the Bureau of Labor Statistics’ analysis of the **American Time Use Survey**, 79% of Americans aged 15 or older watch television as a primary activity, meaning

their main activity at the time. The percentage who watch television is lowest among 15-to-19-year-olds (73%) and highest among people aged 65 or older (89%). Watching television is a solitary activity, with 48% of the viewer’s television time being spent alone.

- Per Pivotal Media Research, **consumption of digital content** on PCs, tablets, and mobile handsets went up 15% to 34 billion person-hours. Google’s YouTube, Google, and Waze combined to account for 32.8% of digital media consumption. Google-related properties accounted for 56% of the growth in overall consumption.
- Per ARtillery Intelligence research, **Augmented Reality** is estimated to reach \$14 billion in 2021, especially in commerce, sports, and entertainment. Retail brands like Home Depot and Pottery Barn reported great success with their AR campaigns.
- For the holiday season, **Office Depot** launched ‘Elf Yourself,’ its first holiday-themed AR ad on Facebook, representing the social media platform’s first partner to use the AR camera effects.
- Airline **Lufthansa** launched an AI-powered, interactive ad experience, powered by IBM Watson, for travelers to interact with the airline for questions and travel content. As part of Lufthansa’s #SayYesToTheWorld brand campaign, AI ads include natural language understanding, analyzing text to extract information (sentiment, emotion, etc.).
- Walmart’s streaming video service, **Vudu**, made a strategic move to go into original programming with its first original show. Two years ago, Vudu added a free, ad-supported on-demand option. The service is expected to add shoppable ads, providing a way for advertisers to generate sales directly from their video ads.
- **Pandora** published the Definitive Guide to Audio, a perspective of the diverse ad-supported audio landscape, including insights, data findings, and predictions about the medium. Three key insights: 1) Audio is part of a larger conversation, 2) Podcasts are the new “talk radio,” and 3) Connected cars and in-dash systems are driving audio innovation.
- **All Things Media (ATM)**, a Mahwah, NJ award-winning digital development firm (programming, design, 3D, video/motion graphics) launched visually engaging, technologically advanced experiences using VR, AR, mobile, app, or web for brands like Cadillac, Mercedes-Benz, Disney, Hasbro, M&Ms, General Mills, and more.
- **Hulu and Verizon** sponsored Fox’s first experiment in reducing commercial loads on Sunday nights. The experiment includes branded-content breaks and jazz pods (i.e., one-minute commercial breaks), resulting in 50% fewer commercials than a typical Sunday night.
- Toymaker **The Lego Group** produced its first-ever Christmas campaign, a global spot created by the Lego Agency, an in-house agency which employs 500 people. The internal ad team had produced only local-level campaigns until now.

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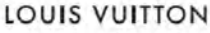





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- Per Ipsos Public Affairs, **false headlines** fool American adults about 75% of the time. TBWA\Chiat\Day New York and Columbia Journalism Review partnered on a half-day out-of-home (OOH) installation to put a spotlight on fake news and how it gains credibility among the general public, creating a real-size “News Stand” that was outfitted with publications that looked authentic—but actually full of BS headlines.
- Not unlike many other brands concerned about transparency and wanting to have greater ownership, **Uber** runs most of its media buying in-house, including buying, strategy, and optimization through its own ad tech team, in close partnership with WPP AKQA.
- Canadian shop **Zulu Alpha Kilo** launched a new site called smarterpitch.com to open the conversation about ways clients, agencies, and consultants can improve the RFP process with specific guidelines for both clients and agencies. The site features a fictional video of the world’s worst RFP: Six months, 25 shops, and four rounds of spec creative work.

Noteworthy quotes:

- » “Don’t do the right thing. ... Do the brave thing.”—Lee Clow, chairman, TBWA\Media Arts Lab & director of media arts, **TBWA\Worldwide**
- » “Can your internal marketing team build sophisticated solutions as quickly as market-leading telcos, holding companies, and cloud giants? Can you recruit and retain the right talent? Can you get the investment required to bring it to life—at scale? Not easily.”—Mark Wagman, managing director, **MediaLink**

- » “We need agencies: we need that outside provocation and perspective to create work that is brave and bold from our agency partners. Agencies are masters at storytelling.”—Claudine Cheever, global general manager of marketing and advertising, **Amazon**
- » “The best agencies are only really going to deliver the best work when they’re valued and brought under the fold to really understand the business dynamics and what’s happening.”—Marla Kaplowitz, President and CEO, **4As**
- » “Really if we’re not doing creativity to yield an outcome that’s around growth, then we’re not meeting the agreement of what it is to be an agency.”—Wendy Clark, global chief executive officer, **DDB**
- » “We are not acting with a vending machine, those are people in agencies, in those partners. It’s a human relationship that you’re building.” Rémy Merckx, VP of digital, **Radisson Hotel Group**
- » “There’s a huge role for creativity in that, but the ultimate accountability, the ultimate measurement for our clients is not ‘were you creative enough?’ it’s ‘did you drive enough growth?’”—Wendy Clark, global chief executive officer, **DDB**
- » “There were no creative deliverables at all in the RFP. We didn’t even allow the agencies to use screens in the rooms.”—Peter Giorgi, CMO, **Celebrity Cruises**
- » “Traditional agencies are becoming increasingly challenged as marketers move more work in-house while encouraging their external agencies to provide differentiated services and increased value. We expect the current trends to continue, with accelerated client movement to in-house agencies.”—Bob Liodice, CEO, **ANA**

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73  +22% 6,621 \$m	70  +19% 7,545 \$m	51  +19% 10,748 \$m	80  +18% 5,760 \$m	82  +18% 5,730 \$m

Top growing 2018 global brands per Interbrand. <https://www.interbrand.com/best-brands/best-global-brands/2018/ranking/>

FINANCIALS: driving efficient use of resources

Holding companies still struggle to drive healthy organic growth, especially in the US, and are investing in higher margin businesses. Interpublic Group (IPG) reported a decent 5.4% growth in the US, but Omnicom reported only 0.6% in the US and Publicis 1% in North America. Holding companies continue to streamline their structure to better meet the changing needs of clients. Restructuring is now the new “mot du jour” with WPP merging VML and Y&R and divesting of minority holdings like AppNexus and Omnicom, consolidating a number of real-estate leases, co-locating agencies, but also cutting as many as between 7,000 and 8,400 positions as it sold 19 businesses in Q3 alone, mostly in the CRM space, in its push toward high-growth digital advertising. Omnicom also reduced staff with layoffs, buyouts, and a number of senior level retirements totaling 1,400 individuals. During that period, Omnicom bought two companies including Credera, its first acquisition in the management and IT consulting space, signaling that holding companies are ready to take on the big consulting players in their own backyard.

- Per The Guardian, **Omnicom** has overtaken rival London-listed company WPP in terms of market cap for the first time in almost a decade (at \$17.3bn) WPP is no longer the world's biggest marketing and advertising services group by market capitalization. Recent WPP client losses (Ford, American Express, and United Airlines) have hurt the holding company. In 2014, WPP hit a record market cap of almost \$30bn, but has lost approximately 60% in the past two years.
- Per Gartner, CMOs for the first time spent more on tech than staff. 63% expect budgets to rise next year, and CMOs invested 29% of their budgets in **marketing technology** this year (vs. 22% in 2017), while spending 24% on staff. Marketing budgets remained steady in 2018 at about 11.2% of company revenue.
- The **Department of Justice** confirmed that it is no longer investigating any of the subsidiaries of five ad holding companies—Interpublic Group, Omnicom, Publicis Groupe, WPP, and MDC Partners—as part of a probe that began two years ago into commercial production practices and possible bid-rigging.
- Adobe is in the Mergers and Acquisition (**M&A**) lead position in the media marketing space with its \$4.75 billion acquisition of B2B cloud marketing platform Marketo, followed by Alibaba, as a result of its \$2.2 billion stake in digital OOH company Focus Media. Third is Interpublic Group with its \$2 billion acquisition of Acxiom.
- Per Forrester, **US online holiday sales** will reach \$151 billion in 2018—up 14% compared to 2017, contributing to an increase in marketing spend. In-store purchases will reach \$567 billion in 2018, up only 1.7% from 2017. Per Zenith, **paid search** will increase from \$86 billion to \$109 billion in the next two years.
- Per Results International, there were **237 M&A deals** completed in the marketing/communications sector in Q3, the most active quarter since Q4 2016. Dentsu and WPP were the most active buyers, both completing five deals in that period. Full service digital was the most active subsector in Q3 with 31 deals. Other categories included UX and design (21 deals) and media (20). North America was the most active region with 105 deals.
- Per eMarketer, **mobile advertising** in the US will surpass TV ad spending by more than \$6 billion this year (or \$76.17 billion) and account for 43% of all US ad spend by 2020, reaching \$141.36 billion.
- Per the Interactive Advertising Bureau, **video advertising** revenue hit \$7 billion in the first half of 2018, up 35% from the first half of 2017. Mobile video accounted for 60% of the video ad revenue, up 61% YOY and accounting for \$4.2 billion of video ad spend.
- Per IPG Mediabrands' Magna, **global programmatic ad spending** in 2018 is expected to be higher than previous expectations: \$34.1 billion instead of the previous estimate of \$31.0 billion, up 22% YOY and now accounting for 55% of worldwide digital media buying.
- Per Zenith's Programmatic Marketing Forecasts, nearly two-thirds of all 2019 spent on advertising in digital media (65%), or \$84 billion, will be traded programmatically. It is projected to reach \$98 billion in 2020 with 68% of digital media being **programmatic trading**.
- Holding company earnings results:
 - » **WPP** posted worse-than-expected results for the third quarter, unlike other key competitors, citing weakness in its creative agencies and in its North American business. Q3 revenue was down 0.8% to £3.76 billion, with a like-for-like net sales decline of 1.5%. WPP is taking action, simplifying its offerings and making it easier to access, investing in creative talent, building a group-wise data and technology strategy. The group is considering selling Kantar.
 - » **Publicis Groupe** net revenue reached 2.20 billion-euro (\$2.53 billion) in Q3, up 0.5% from 2.19 billion-euro (\$2.52 billion) YOY. Recent wins included GSK, Cathay Pacific, Western Union, Nestlé, and Mondelez International. All geographies reported positive organic growth: North America was up only 1.0%, while Europe was +4.2%.
 - » **Omnicom Group** reported a slight revenue drop in Q3, down 0.1% to a little more than \$3.7 billion. The company's organic revenue growth during the period was 2.9%. Organic revenue in the United States, which accounts for more than half of the company's sales, was only 0.6%. Advertising was up 4.0%, CRM Consumer Experience +5.5%, Public Relations +2.3%. Healthcare +2.9%, while CRM Execution & Support was down 3.6%. Q3 net income was up 13.4% to \$298.9 million from \$263.6 million last year.

PERFORMANCE: driving stronger performance and value from the partnership

- » **Interpublic Group** reported organic revenue growth of 5.4% for Q3 with a decent 5% growth in the US. Net revenue was up 3.4% in Q3 to \$1.9 billion. The firm completed its acquisition of Acxiom. Net income was down 5% to \$161 million, which included costs of \$18.4 million related to the Acxiom transaction, and losses of about \$5 million on the disposition of other assets.
- » **Havas Group** posted a 0.6% decline in Q3 revenue to €535 million (about \$613 million). Organic net revenue growth (which excludes the impact of currency fluctuations and M&A) was 2.5%. New wins included Barnes & Noble and Rite Aid (creative), Blizzard Entertainment, Papa John's, and Puma (media).
- » **Dentsu Inc.** reported strong Q3 results: 5.4% organic revenue growth and 7% growth for its international operation Dentsu Aegis Network. Consolidated group revenue was ¥243.5 billion (\$2.1 billion), up 9.4%.

Crispin Porter + Bogusky (CP+B) announced that it will no longer enter any awards shows and introduced “The Quitty Awards,” a fake awards show for agencies that decide to also put an end to all awards show submissions. Winners will receive a 3D downloadable model and promotional asset kit complete with custom email signature. According to CP+B, agencies should stop entering award shows for the following reasons: 1) Award shows are not an accurate measure of creative effectiveness, 2) The cost of entry fees are too high, 3) The money spent on awards show entries would be better spent on the development of creative ideas, 4) There are so many award shows, it's unclear which are the most meaningful, 5) Winning awards is not relevant to my clients, 6) The next generation of talent does not value award shows.

Noteworthy quotes:

- » “While we are increasingly benchmarking and negotiating bottom-up agency fees based on scope of work and output-based value models, it is important to get the most common and most basic agency fee process right.”—Darren Woolley, founder and global CEO, **TrinityP3**
- » “The challenge is: how fast can I scale our game changers to see that kind of growth all over our business?” —Arthur Sadoun, groupe chairman/CEO, **Publicis**
- » “There is a belief that you only get what you pay for and therefore if you pay peanuts you will naturally get monkeys. The fear advertisers often have is that they are paying their agency a premium and still getting monkeys.”—Darren Woolley, Founder and Global CEO, **TrinityP3**
- » “By joining forces [Credera and Omnicom Precision Marketing Group], we can do this on a larger scale and accelerate our combined growth in management and marketing technology consulting.”—Rob Borrego, CEO and chairman, **Credera**

- Per MediaPost, ‘**Top Agencies Of the Year**’ included Horizon Media (Media), Essence (Digital), Publicis Media (Social), Merkle (Search), Mutual Mobile (Mobile), Creative (Giant Spoon). Holding company of the year: Omnicom. Media client of the year: Nike.
- WPP PR firm **Cohn & Wolfe** was named Global Agency of the Year for the first time at the 2018 Global SABRE Awards. Other finalists included Edelman, FleishmanHillard, H+K Strategies, and Weber Shandwick.
- **Dentsu Aegis Network** invested into a new consortium called “Adschain Consortium” that uses blockchain technology to fight ad fraud in the programmatic supply chain, making transactions transparent. The network will be represented by iProspect. This blockchain consortium will compete with WPP’s “Project Proton,” led by Mindshare that consists of MediaMath, Integral Ad Science, and Rubicon Project.
- IBM announced three new tools in its **Watson** marketing suite, IBM Watson Ads Omni (“hyper-personalization” with actionable insights), Predictive Audiences, and IBM Media Optimizer to improve marketing performance.
- Per R3 Worldwide, MediaCom and Publicis are **top winners of new business pitches** for media and creative reviews, respectively. WPP MediaCom recently won Mars, Hilton, and Sony (US only). On the media side, Interpublic’s Initiative ranked second, followed by Omnicom’s Hearts & Science. On the creative side, Publicis Leo Burnett ranked second, followed by McCann Worldgroup.
- Per **Cortex Media**, the Federal Probe into ad industry media buying practices may expose: 1) Self-dealing (agencies buying from themselves when they were supposed to buy from independent third-party vendors in the open market), 2) Disguised rebates (services at a premium, discounts for early payment, etc.), and 3) Comingling of media buys.

“**Bruno Gralpois is a voice of reason** amidst a cacophony of doom and gloom. Mr. Gralpois’ holistic business acumen shines through in his Agency Mania work. Agency Mania’s foundation is constructed on the realization that marketing is a growth driver that requires consistency, discipline and investment. **Agency Mania provides a road map for successful and mutually beneficial marketing partnerships.**”

TOM FINNERAN, Executive Vice President - Agency Management Services
American Association of Advertising Agencies (4As)



- Brand advertisers sued social network **Facebook**, alleging the company inflated video metrics—overestimating the amount of time consumers spent viewing ads—by as much as 900%, something they admitted doing in 2016.
- Per an **Accenture Interactive & Forrester Consulting** report called “Rethink The Role Of The CMO,” 52% of brands agree that their CMO demands collaboration between the agency partners and their teams. 91% see external/third-party partners as a critical part of their strategy.

Noteworthy quotes:

- » “The top agencies can bring you the best of all worlds. Treat them as a specialist and trusted extension of your own marketing and/or in-house team, and they’ll reward you with boundless value in the form of insight, creativity, and perspective. Ultimately, it’s about driving business growth and outcomes.”—Marla Kaplowitz, president and CEO, **4As**
- » “An effective client-agency partnership is defined by the people themselves and how well they work together. We strive to create an open, honest, and transparent environment where the agency and IBM teams work side-by-side behind common goals. Our process for assessing the health of that partnership follows those same principles.”—Ann G. Rubin, VP corporate marketing, **IBM**
- » “I started it by going to agencies personally, spending two to three hours with key folks talking about brands and the business... I wanted to see their offices, the atmosphere, and understand how they do what they do in the place where they do it.”—Peter Giorgi, CMO, **Celebrity Cruises**
- » “Hypothetically, Media Holding Company A owes an advertiser a rebate for the volume of purchases that they made and then through accounting dichotomy or deception or misleading conduct [the agency] tells them they didn’t earn the rebates.”—Steve Miller, partner, **Reed Smith**
- » “It’s a hard model these days. Agencies are constantly under pressure from marketers and that obviously doesn’t help investment spend in parts of the business they have to do to evolve. It’s kind of a vicious cycle.”—Ben Jankowski, SVP of global media, **Mastercard**
- » “The introduction of a single holding company partner allows us to truly embed them into our business, both at a strategic and an operational level.”—Geoff Tanner, SVP of growth and consumer engagement, **J.M. Smucker Company**
- » “It will be interesting to see how far they go in looking at holding company units outside the US, as it is possible that payment of rebates and self-dealing (buying

from a party controlled by or related to the holding company) might have taken place via a non-US party.”—Manuel Reyes, founder, **Cortex Media**

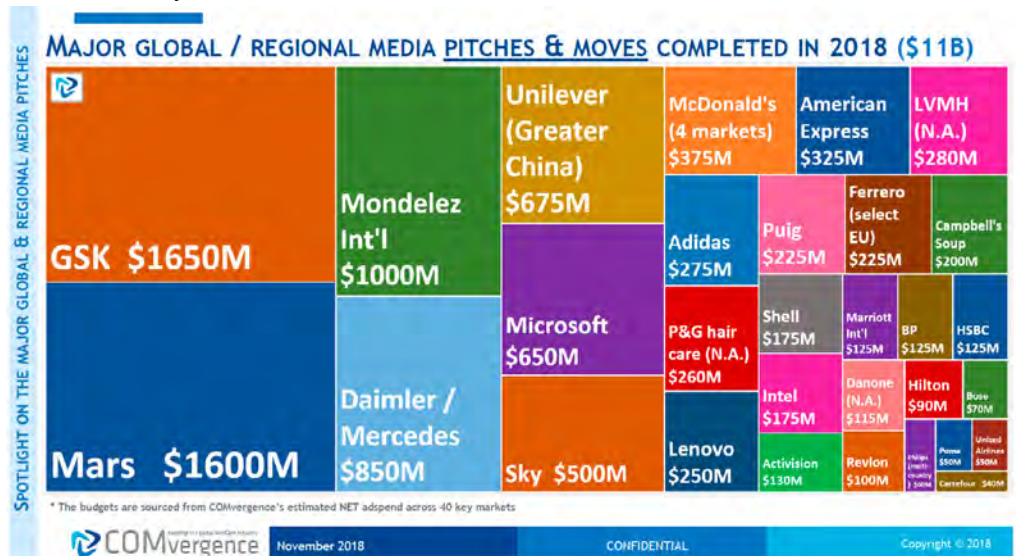
- » “What happens when brands don’t have a connection to external perspective and provocation? You get creative work like Pepsi’s tone-deaf Kendall Jenner ad.”—Marla Kaplowitz, president and CEO, **4As**
- » “You spend \$1,000, you don’t even know how much of that \$1,000 goes really to buy media to generate traffic ... you have no clue. When you ask your agency, they provide a 25-slide presentation to try to explain to you how to do that.”—Rémy Merckx, VP of digital, **Radisson Hotel Group**

AGENCY REVIEWS AND ROSTER CHANGES

According to the latest data by our partner and research firm **COMvergence**:

- Total media spend reviewed (global & regional) = \$10.8B (excludes all local/country-only pitches & moves).
- Overall Retention rate: 30%.
- Net New Business figures by Media Agency Groups:

COMvergence	NET New Business (in US\$M)	Total New Client Wins	Total Losses	Total Retentions
Publicis Media	+855	+2,975	-2,120	250
Mediabands	+380	+425	-45	-
GroupM	+325	+2,500	-2,175	925
Dentsu Aegis Network	-330	+850	-1,180	825
Havas Media Group	-575	+90	-665	30
OMG	-635	+775	-1,410	1,335



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Agency Mania: don't panic, it's a good thing

By Patricia Berns, Strategic Agency Consultant at Agency Mania Solutions

Celebrating (?) the 30th Anniversary of Nike's "Just Do It"

Just Do It, is the well-known trademark of the Nike brand. That slogan, created by Wieden+Kennedy in 1988, enabled Nike to increase its share of the North American sport shoe business from \$877 Million in 1988 to \$9 Billion in worldwide sales in 1998! The campaign was so successful that Ad Age selected it as one of the top two taglines of the 20th century with it being both "universal and intensely personal."

One of the objectives of the campaign was to target a broad group of potential customers regardless of age, gender, or physical fitness level. It was so successful that today nearly 80% of Nike's running shoes are not worn for an athletic purpose. This year, celebrating their 30-year anniversary on September 5, 2018, Nike took a brave leap with the release of their video "Nike – Dream Crazy." This short video followed the trend of Nike partnering with famous athletes and featured named sports figures LeBron James, Serena Williams, and Colin Kaepernick. Kaepernick's involvement in the video, especially after his controversial act of kneeling during the National Anthem, gave rise to a very visible internet debate and social media movement against Nike.

Despite the social movement against it, Nike boldly took the next step and built an advertising campaign (Believe in Something) featuring Kaepernick. In this age of polarization and change, every brand and agency should find Nike's decision worth analyzing. Perhaps the first question to ask is: What is it about Colin Kaepernick's character that Nike found so important to attach him to the Nike brand?

Relatable characters have a definite point of view and a convincing way of getting it across. They're frequently involved in acts of moral integrity to resolve some sort of problem or dilemma, and they speak in a distinctive voice that resonates. Above all, relatable characters get people talking about them. In Nike's current "Believe in Something" campaign, Kaepernick has demonstrated he has character, conviction about his beliefs, concern for social justice, and he certainly has people talking about him. But is he really a sympathetic hero? To segments of society struggling with experiences of social injustice he definitely is. To some segments in our society who honor the symbols of our national idea, identity and ceremonies, he carries strong and negative emotional associations.

Was this a risk for Nike? In launching this new campaign Nike was risking alienating a huge segment of its US consumer base, perhaps as much as half of it.

- Why would they do that? Perhaps they were thinking it will tighten the tribe with millennials who tend to be involved in protest movements, particularly when political leaders and other authority figures are not aligned with their feelings and values.
- Would it generate a level of social debate that, over time, would elevate greater social understanding for the risk Nike has taken with this campaign?
- The initial result at the end of the first day of the campaign launch: Nike's stock declined 3.17%.

Or did they again, turn controversy into dollars? Nike definitely bounced back and the "Believe in Something" campaign thrives, revenue has increased, and this month Oppenheimer raised its rating for Nike from Perform to Outperform. Nike continues to turn controversy into dollars by raising social awareness about topics like disability, gender equality, and much more. If history is any indication, Nike's Kaepernick campaign will continue that trend.

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.

- **American Express** selected Interpublic Group of Co.'s UM as its new global agency for strategic media planning and buying, following a review, replacing incumbent GroupM's

Mindshare and Publicis Media's Digitas. The brand will continue to work with Digitas on US creative assignments.

- Online dating service **Match.com** selected 72andSunny Los Angeles as its creative agency of record, following a review. The company did not have an incumbent creative AOR.
- Soda-making machines maker **SodaStream** kicked off a creative agency review in the US amid its \$3.2 billion acquisition by PepsiCo. The brand worked with Allenby Concept House as its global AOR for seven years until recently.

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- Paradise Island resort **Atlantis** hired Saatchi New York as its new AOR without a review and will handle all advertising and communications efforts. Duties were previously handled internally.
- German sportswear firm **Puma** selected Havas Media as its new global media agency for buying and planning, following a review, replacing incumbent Publicis Media-owned Blue 449.
- Pizza chain **Papa John's** selected Havas Media as its new integrated media agency of record, following a review, and replacing incumbent Initiative which resigned the client in mid-July amid leadership controversy.
- The **National Football League (NFL)** kicked off its creative agency review. Incumbent WPP-owned agency Grey is defending. Grey initially landed branding duties in 2009 and has operated as creative AOR.
- **Foot Locker** selected “strategist running shop” Virtue to handle its Pan-European creative account, following a review. VIRTUE is the agency born out of VICE, headquartered in Brooklyn, with 26 offices across the globe.
- **AT&T** consolidated its WarnerMedia media account (formerly known as Time Warner properties and including the Warner Bros. Studio, the Turner cable TV networks, and HBO) with Hearts & Science, one of the three big media agencies in the Omnicom Media Group. The agency has handled the AT&T media assignment since 2016.
- Sports drink giant **Gatorade** ended its relationship with WPP shop VML which has handled digital for the brand since 2010 as well as Gatorade electrolyte-infused water brand, Propel, and PepsiCo-owned Tropicana. Gatorade will continue to work with Omnicom-owned TBWA for creative services.
- **United Airlines** selected Dentsu Aegis Network (DAN) to handle its global media planning and buying assignment, following a review, replacing incumbent WPP's Wunderman. Dentsu's 360i will oversee social media. Wunderman will remain on the brand's agency roster. McGarryBowen, also part of Dentsu Aegis, will remain creative AOR.
- Tech giant **Intel** selected a Dentsu Aegis Network solution called “Team Intel” as its global media agency of record, staffed from the network's shops including Carat, Merkle, and Amnet, and replacing incumbents OMD (since 2008), following a review. The team will handle digital, social, programmatic, search, offline media, and analytics, and will partner with creative agency McGarryBowen and Intel's other creative shops. iProspect and Cardinal Path will stay on the roster for search and digital.
- Pharma giant **GlaxoSmithKline** consolidated its media business with Publicis Media, which built a bespoke unit—platformGSK—to service the brand, replacing incumbents PHD, MediaCom, and Dentsu Aegis Network. The unit will pull in different expertise from across the holding company's healthcare, consumer strategy, and digital business transformation units. The unit will rely on a single source of insights and reporting through a universal global data hub and will also deliver an end-to-end marketing platform through Publicis PeopleCloud.
- Automaker **Ford Motor Company** selected Omnicom-owned BBDO as its lead creative agency, replacing incumbent WPP in that role as part of a redesign of its global marketing operations to be more digital- and customer-centric and drive efficiencies. Wieden+Kennedy was also selected for project-specific assignments. Per the advertiser, WPP remains a key part of a multi-agency team, leading activation for Ford—including media planning, media buying, shopper and performance marketing, website development, CRM, multicultural, and Tier 2 dealer advertising as well as Ford advertising in China, all Lincoln advertising via Hudson Rouge, and all Ford public relations.
- Fast-food giant **McDonald's** decided to expand its relationship with MDC Partners-owned Doner by assigning strategy and creative AOR responsibilities for the brand's national field activation program (14,000 locations across the US alone), following a review and replacing incumbent Moroch.
- The **J.M. Smucker Company** selected Publicis Groupe to handle media and creative for many of its US brands and three major business units, following a holding company-based review, replacing incumbent Dentsu's Carat which handled media assignments in the US for the past two years. Publicis Group has been successfully promoting its “Power of One” cross-agency approach to large advertisers, spanning creative, media, and business transformation—all with data and insights at the core.
- German auto giant **Daimler** consolidated its global media business with Omnicom Media Group, following a review and replacing incumbents Publicis Groupe and GroupM. GroupM's Wavemaker retains China work. Publicis Groupe remains global creative AOR, under a dedicated agency called Emil.
- Airline company **WestJet** selected Toronto-based creative shop Oliver as its internal agency partner. Oliver staff will join WestJet's in-house team to work on multimedia and print production. Oliver, which has an agency network spanning 45 countries worldwide, specializes in building dedicated agency teams within its clients' offices. Oliver will partner with lead agency, Rethink.
- **Celebrity Cruises**, part of the Royal Caribbean group, selected London-based Lucky Generals (part of Omnicom's TBWA UK Group) to handle the brand's global creative duties, following a review and collaborating with both Celebrity's internal creative team and its production partners at companies like Tool of North America.
- **Heineken USA** hired Canvas Worldwide as its US media agency of record. The agency will collaborate with Publicis, the creative agency of record globally. In 2012, the brand consolidated global media planning and buying with Publicis Groupe's Starcom MediaVest (with Starcom handling the account in the US).
- Liqueur giant **Pernod Ricard** selected Droga5 London to handle the Kahlua account in the UK, US, Canada, and Australia, following a review.
- Berkshire Hathaway-owned **Duracell** kicked off its creative account review for all international markets outside of North America. The account is currently served by Grey London, which is defending.

- Automaker **BMW** selected Cashmere Agency, Los Angeles, as its multicultural US agency lead, after a review and replacing incumbent agency The Community. The new agency will produce programs aimed at African-American, Asian, and Latino audiences, and will partner with other BMW agencies: Goodby, Silverstein & Partners (lead creative agency), Universal McCann (media planning and buying), and Critical Mass (digital and social media).



Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
American Express	Mindshare Digitas	Media	Global	UM	Y
AT&T / WarnerMedia Group	Dentsu Aegis Network, Horizon Media	Media	US	Hearts & Science	N
Atlantis		Advertising, Communications	US	Saatchi NY	N
BMW	The Community	Multicultural	US	Cashmere Agency LA	Y
Celebrity Cruises		Creative	Global	Lucky Generals	Y
Daimler	Publicis Groupe, GroupM	Media	Global	Omnicom Media Group	Y
Duracell	Grey London	Creative	International (excl. N. A.)		Y
Foot Locker		Creative	Europe	Virtue	Y
Ford		Creative	Global	BBDO Worldwide, Wieden+Kennedy	Y
Ford	WPP	Activation (media, shopper, web, CRM, Multicultural, PR)	Global		Y
Gatorade	VML	Creative		TBWA	N
GlaxoSmithKline	PHD, MediaCom, Dentsu Aegis Network	Media	Global	platformGSK	Y
Heineken USA		Media	US	Canvas Worldwide	Y
Intel	OMD	Media	Global	"Team Intel" (Carat, Merkle, Amnet)	Y
J.M. Smucker Company	Carat	Media, Creative	US		Y
Match.com		Creative	US	72andSunny LA	Y
McDonald's	Moroch	Strategy, Creative	US	Doner	Y
NFL	Grey	Creative			Y
Papa John	Initiative	Media		Havas Media	Y
Pernod Ricard		AOR	Global	Druga5	Y
Puma	Blue 449	Media	Global	Havas Media	Y
SodaStream (PepsiCo)	Alleby Concept House	Creative	US		Y
United Airlines	Wunderman	Media	Global	Dentsu Aegis Network	
WestJet		Creative		Oliver	

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