

# Industry Update

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

Volume 35

## Executive Summary—Monthly Recap

The year always starts with exciting new toys and technologies in the sunny town of Las Vegas. CES didn't disappoint. Agency and brand leaders, alongside tech manufacturers, designers, and creatives conduct their annual pilgrimage to the Nevada desert to see how technology will change for people who consume media and interact with digital and technology. CES also shows the advertising industry what to anticipate in terms of consumer behavioral and cultural changes fueled by innovation. On the menu this year: AI (pretty much everywhere now), voice devices, autonomous cars and air taxis, 8K television, and 5G. Data, ethics, and privacy remain top of mind, especially in sensitive industries like wellness and healthcare. P&G's Life Lab at CES featured cutting-edge products exploring how technology can positively impact consumer lifestyles: Oral-B Genius X Toothbrush, Opté Beauty Wand—Precision Skin Care, Airia connected scent device, Olay Skin Advisor, Gillette self-heating razor, etc.



**Bruno Gralpois**  
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

The conversation about talent appears to be centered around finding the right balance between activities handled in-house vs. outsourced to agency partners, with many advocating for a mix instead of moving all work internally (few large advertisers would ever consider it) or outsourcing all of it to agencies (increasingly less likely in creative, data, analytics, and programmatic disciplines). So finding a good balance seems to be the direction, with greater focus on team collaboration. On the agency side, the focus appears to be on simplifying their offering, acquiring specialized skills, and encouraging more diversity in their talent.

- **Procter & Gamble's** North American media review led to a new media model and some roster changes with the brand's in-house agency grabbing a larger piece of the media work (its oral care business), still relying on external media agencies—Dentsu's Carat and Omnicom's Hearts & Science—to perform the work. As part of this new model, P&G brands would have the opportunity to take on operational work in-house (namely planning, digital buying, search, and programmatic). For example, P&G launched an in-house team called Woven to handle media planning work for its fabric line of products, housed within Saatchi & Saatchi New York.
- **Procter & Gamble** assigned more spend to Dentsu Aegis Network's Carat, which now handles over 50% of North America assignments. P&G also relies on a so-called "fixed and flow" agency model by which a P&G brand can select a "fixed" agency on retainer but "flow" other agencies in and out of the account where necessary.
- Denmark-based **Arla Foods** launched its in-house agency, The Barn, to handle creative, technology, social, and media (and soon programmatic). Strong of 18 people, the in-house agency will open other offices. The brand also selected Accenture Interactive and Karmarama as its lead global digital agency. The in-house agency will partner with other roster agencies - Wieden+Kennedy, Mother, Leo Burnett, Carat, etc.
- **Mastercard's** in-house content studio, called Storylab, announced that its scope will now include international social, video, and podcast content, as well as monitoring the brand's social content out of multiple regional headquarters.

- Many brands brought the management of influencer marketing in-house. For example, retail giant **Target** went from working with 1,000+ influencers via third-party firms to only 100 after bringing the function in-house in an effort to deepen relationships with influencers and gain greater control.
- **You & Mr Jones** acquired agency Oliver (and its parent firm Inside Ideas Group, which includes Dare, Adjust Your Set, and Aylesworth Fleming). The move will allow the firm to build its clients' in-house digital capabilities, now strong of 1,500 staff, split into 146 in-house teams around the world, and picking up new clients: Unilever (and its U-Studios team) Adidas, Marriott, BMW, Microsoft, 3M, Google, PepsiCo, AXA, and others.
- **Industry guidance** for 2019: 4A's CEO Marla Kaplowitz's advice to agencies is to "integrate" and to clients is to "collaborate." Per Kaplowitz, the key to a strong, healthy agency-client relationship is candor.
- **RTL Group** acquired Yospace, a UK-based server-side ad insertion company which provides video ad serving and advertising demand to video publishers, inserting ads during live broadcasts.
- Omnicom's TBWA/Worldwide launched **OneSandbox**, its membership-based search platform that allows agencies (currently limited to "charter" agencies—TBWA\Chiat\Day, The Integer Group, GMR Marketing, Eventive, TBWA\Media Arts Lab, The Collective, TBWA\WorldHealth, Nissan United, 180LA, Designory, and Engage) to connect with diverse and women-owned creative vendors that can bid on projects.
- **VMLY&R** launched a global strategic commerce practice, aiming to forge ties with big retail players—Amazon, Alibaba, Walmart, Target, Kroger, and others.
- The **Stagwell Group** combined two of its shops, PMX Agency and Forward3D, to form a global brand performance marketing agency called ForwardPMX. The combined client roster includes The North Face, Ace Hardware, AARP, Calvin Klein, Tommy Hilfiger, Virgin Atlantic, Hilton Hotels & Resorts, and more.
- From Hollywood Hills to Parliament Hill. Ottawa, Ontario-based creative public affairs shop **Neptune Blue** opened its doors recently to create social campaigns in the Public Affairs space like "#Dontletgocanada," a campaign to support a coalition of 60+ space companies who have mobilized an effort to keep Canada in the International Space Program.
- **Publicis Groupe** launched an internal educational program and video learning series, integrated with the AI-driven internal communications network Marcel, to its 80,000 employees around the world. The short video learning series called Sprints focused on topics ranging from data, digital business transformation, dynamic creativity, and e-commerce.

“ Bruno Gralpois explores with remarkable insight how to recast this partnership to work more effectively. Most importantly, he shows how both parties - agencies and clients - can transform their approaches to focus on the things that really matter.

**In my view, there isn't another book like it on the market today.”**



**TIM WILLIAMS**, Founding Partner,  
Ignition Consulting Group



#### Noteworthy quotes:

- » “I know sometimes it sounds like a cliché, but especially what we do in this day and age, you need the best talent, you need the best talent to stay, and you need the most diverse talent that you can find. So, not only attracting the talent and recruiting the talent, but [we need to] create the [right] conditions internally, both with our own talent as well as our agencies.”  
—Diego Scotti, CMO, **Verizon**
- » “[Analytics] gives us much more control over what our media plans look like. So, it's a pretty big shift that's happening in the ecosystem, and we are working together with agencies to make it happen.”  
—Marc Pritchard, chief brand officer, **Procter & Gamble**
- » “More clients in more places will ask for better work. Our work, and worth to our clients, is not solely dependent on either technology or great ideas; it's dependent on us delivering the two combined.”  
—Jean-Paul Burge, chairman and CEO, **BBDO Asia**
- » “The bigger the whale, the more exciting the hunt. But you have to find clients that are the right fit for your agency.”—Daryl Lee, global CEO, **UM**
- » “The holding company structure has become too fragmented—and in a world where clients want faster, better, cheaper executions, they want the holding company to act as one.”  
—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » “Despite all the talk of transformation, very few brands have actually managed to transform themselves, so their own legacy structures and models mean that they continue to have quite traditional agency relationships.”  
—Steve Antoniewicz, head of consulting, **The Drum**
- » “Companies will go big or go small. The mid-size [production] players are going to have a tough time competing in this industry landscape.”  
—Dustin Callif, managing partner, **Tool of North America**
- » “Respect our industry and take pride in what we do. Let's stop with all the negative noise and focus on the difference we can make.”  
—Jan Jacobs, co-founder and chief creative officer, **Johannes Leonardo**



- » “The only thing we are really selling is authentic relationships. If an agency can’t demonstrate how they truly want to help a client’s business, it will result in a lost opportunity.”—Lisa Colantuono, president, **AAR Partners**
- » “An effective client-agency partnership is defined by the people themselves and how well they work together.”—Ann G. Rubin, vice president corporate marketing, **IBM**
- » “The business we think we’re in is helping clients make better decisions faster. To get value, radical collaboration, and prototyping to directly lean in to technology is key.”  
—Tim Jones, CEO, **Publicis Media Americas**
- » “Instead of agencies advising clients on branding and corporate positioning, management consultancies can usurp this offering and bake in communications strategies from the earliest stages of business decisions and change management.”  
—Jennifer Poulson, senior vice-president of marketing, **Bandai Namco Entertainment**
- » “[We] see examples of brands and marketers that begin the process of bringing the programmatic operation in-house, and will often stop at some point, or will only go so far once they realize the level of investments in technology, talent, and data infrastructure to pull that off.”  
—Jay Pattisall, principal analyst, **Forrester**

## WORK: producing great work and outcomes

Work is changing. How we produce work is changing as well. The agency world is competing for that work. Are traditional agencies as well equipped to handle project-based work as some production companies? Will production companies add creative and strategic services to compete with traditional agencies without production capabilities? Check out the 2019 Production Trends by APR included in this edition. In our next edition, look for Super Bowl mania.

- **Netflix’s interactive movie**, “Black Mirror: Bandersnatch,” which allows viewers to dictate the story’s narrative and format, generated buzz among fans and provided the streaming service with rich user participation data that can be used for promotional or advertising purposes.
- **Nielsen** added YouTube mobile viewership figures to its cross-platform measurement solution, Total Ad Ratings. YouTube ads will now be measured comparably alongside TV inventory.
- Per **Nielsen**, in the second-quarter of 2018, US adults spent more time on media overall from 9-10 p.m. than any other hour throughout the day, with nearly 38 out of a possible 60 minutes being spent across Live+time-shifted TV, TV-connected devices, radio, and digital (computer, smartphone, tablet).

- **Influencer Marketing Solutions** are on the rise. Forrester identified 11 top third-party firms that manage relationships between brands and influencers: Launchmetrics, AspireIQ, and Quotient’s Ahalogy are leading the pack. Others include: Mavrck, Traackr, Collective Bias, Octoly, IZEA, Linqia, Klear, and Influential.
- CVS Pharmacy launched “**Beauty In Real Life**,” a campaign encouraging beauty brands to display digitally unaltered images in the makeup aisles, portraying women in marketing materials in a more authentic and realistic way—sans digital altering. The unaltered images receive the CVS “Beauty Mark” watermark on displays.
- Per the ANA, 78% of its members had some type of **in-house agency** in 2018. Services are focused on creative (76%). Also rising fast are media (36%) and programmatic (24%). Per the Interactive Advertising Bureau (IAB), two-thirds of the 119 US brand advertisers they surveyed moved programmatic buying completely or partially in-house.
- Insurance company **Geico** launched a campaign created by The Martin Agency asking consumers to weigh in on their favorite ad. Spots include: A couple recovers lost items digging through their couch, including early ‘90s sitcom star, Dave Coulier. An anxious homebuyer goes a little overboard and builds a Zen garden in his apartment to calm his nerves. Nervous homeowners try to de-stress with some wood chopping in the front yard. Those can be viewed at [www.geico.com/about/commercials/](http://www.geico.com/about/commercials/)
- Agencies that produced commercials for **Super Bowl LIII**: 72andSunny, BBDO, Bullish, Burrell Communications, David&Goliath, DDB, Energy BBDO, FCB Chicago, FlyteVu, Goodby Silverstein & Partners, Grey, Horizon, Innocean Worldwide, JohnXHannes, Lucky Generals, McCann, Merkley & Partners, Mother, MullenLowe, Pinnacle, Preacher, Red Fuse Communications, Saatchi & Saatchi, Siltanen & Partners Advertising, VaynerMedia, Venables Bell & Partners, VMLY&R, and Wieden+Kennedy. Brands that relied exclusively or partially on in-house teams to produce their Super Bowl LIII commercial: Amazon & Amazon Prime and Hulu.

## Noteworthy quotes:

- » “You can’t just say I have a great idea; even if it seems exciting and provocative, it has to be grounded in data and insights, connected to where you’re going and what markets you’re serving, what your client needs.”  
—Diana O’Brien, global chief marketing officer, **Deloitte**
- » “I think the ‘Mad Men’ kind of marketer has gone away, but there’s still this progression companies have to go through to get to customer centricity.”  
—Julio Hernandez, principal, customer advisory leader, **KPMG LLP**
- » “So [there could be] four or five agencies that they [brands] can use to create different types of work. That created a real explosion of creativity in terms of the kind of work that we’re getting.”  
—Marc Pritchard, chief brand officer, **Procter & Gamble**

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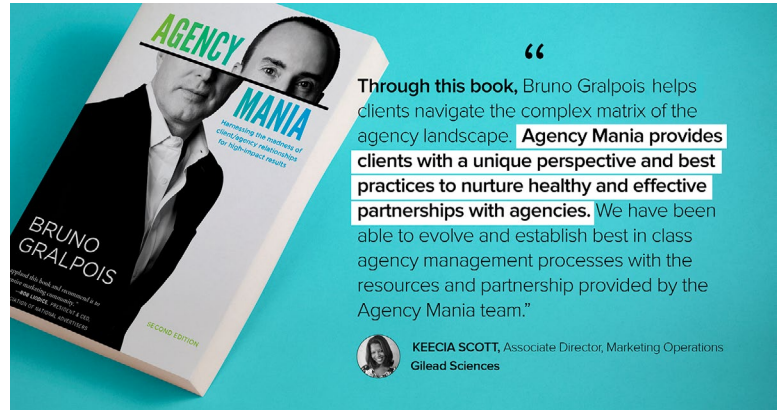
- » “Distrust will continue to build among brands and their media agency partners as clients begin voluntarily participating in the federal investigation into media buying practices.”—Ken Robinson, partner, **Ark Advisors**
- » “There is no place in our business for abuse or lack of civility from colleagues or from clients—no matter their excuses or their budgets.”—Tom Sullivan, CEO, **Vitro**
- » “Clients have become concerned about the amount of influence they’ve offloaded to agencies. The client feels so dependent on the agency. Given the importance of data to the consumer relationship, they believe they need to build that [back] up. It’s about control.”  
—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » “It’s utter bullshit agencies are not changing enough; we are changing every day.”  
—Tim Jones, CEO, **Publicis Media Americas**
- » “While most can eventually build an internal function meeting many needs, agencies are great at forging

innovative partnerships at scale. Finding a best-of-both-worlds approach seems the way to go.”

—Rick Gardinier, partner, chief digital officer, **BRUNNER / BHiveLab**

- » “Simple isn’t good. Simple is bad. At least an unexamined, overactive bias toward simplicity is bad. And it’s bad because it could be costing us some of our best people and our best ideas.”

—Ian Mackenzie, executive creative director, **FCB/SIX**



## Keeping up with the fast-paced advertising production community

2019 Marketing Production Trends by Jillian Gibbs, Founder and Global CEO, APR

As marketers are trying to navigate the rapidly changing production landscape, it is important for brands to consider what’s happening in the creative industry that is affecting the way we produce content. Throughout the year, we gather insights from APR’s Global subject matter experts who work with over 60 marketing organizations to define the trends that will help marketers prepare for the 2019 challenges. The following are the APR Annual Creative Production Trends to help brands modernize their approach to the production landscape. The main theme is preparing proper asset planning early in the production process and leveraging different approaches, different types of partners, and centralizing creative elements and operations.



## 2019 Marketing Production Trends

APR global Subject Matter Experts have identified the top advertising production trends in the industry that will affect the way content is produced this year across video, photography, digital, & experiential productions.

### 1. Asset Planning

Modern marketers view production as a strategic function. Establishing parameters for production with the role of content in the marketing plan ensures the right production approach and partner is assigned to the work. Asset planning requires **coordination, organization** and a robust **content production strategy**.

### 2. Fresh Perspective on Production Operations

**Centralization of Production Operations** is necessary to manage many disparate agencies and the decoupling of projects, including usage rights, archiving assets, ad distribution, production insurance, vendor management, legal oversight, etc.

### 3. Automated Production

Advances in technology, the introduction of **agile methodology** and a move towards re-coupling of creative and media are converging to change the way content production is planned, deliverables defined and assets produced. AI is poised to play an increasing role in this evolution; allowing for a greater degree of **automated production to achieve customization**.

### 4. Keeping it Real

Authenticity in ads means new production challenges. Because brands are adopting more docu-style production, integration of user-generated content, social influencer marketing & cause marketing, the production process needs to evolve & introduce more **rigor and transparency** with publishers & media partners. Also needed is a way to **manage many influencers** consistently across multiple geographies with efficiency & efficacy.

### 5. An Overwhelming Experience

Due to the proliferation of brand events and their creative complexity, such as the use of ever-expanding technology options (beacons, AR, & VR, etc.), we are seeing more focus during the **pre-production & planning phases** to fully realize the value of the production & the attendee experience.

### 6. Did you hear? Audio is more important than ever

The growing popularity of audio content – from podcasts to voice-activated technology – is the subject of increased focus by marketers who are getting more organized around centralizing the audio strategy, including creating a ‘sonic ID,’ **allow for consistent consumer experience across platforms & borders**.

### 7. Region Spotlight: ¡Latin America!

Economic factors have contributed to marketers producing all types of video in countries such as **Brazil** and **Argentina**. **Mexico** and **Colombia** are exhibiting strong growth in content production, and **Chile** is one of the best options to recreate ‘US-looking’ productions.

### 8. The Challenge of Change

Brands want a new approach to content production, with some agencies rising to the challenge with fresh thinking, along with production suppliers who are taking the opportunity to move upstream into creative, and downstream into media. **Change management & training** are needed to support a modern production model successfully.

### 9. Buckle Up on the Ecomm Highway

Online retail requires quicker time to market and scalability to support the increase in retail SKUs, so content providers are challenged to develop a production solution capable of **mass producing** both still & motion at a low per-asset price point that differs from traditional production models.

### 10. Blurring the Lines

Due to the need to be more efficient in how we produce, we see a trend of producing and repurposing assets across the proverbial line; **sharing assets above and below the line**. And cheaper creative, like Digital-Out-Of-Home, line art and illustrations, are on the upswing.

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## FINANCIALS: driving efficient use of resources

The advertising industry is healthy and tracking with overall GDP in the US. Yet, advertisers are still looking to improve ROI of their marketing investment through ZBB initiatives or simply by taking on the cost of complexity in their operations or how they partner with their agencies. Less is more these days. P&G, for example, disclosed that it saved \$1 billion in ad agency fees and ad production costs over the last four years. M&A activity is also strong, showing continued interest by agencies to rapidly acquire and assimilate certain skillsets (data and digital essentially) to better serve demanding clients.

- Per WPP's Kantar Media unit, **US ad spending** grew by 4.1% in 2018, slightly off the 4.2% expansion in the US Gross Domestic Product (GDP), mostly driven by the largest categories—retail (+5.4%), telecommunications (+1%) and pharmaceutical (4.8%). The automobile sector, the second largest category, was down YOY (by 3.3%). Amazon jumped 72.5% to rank as the nation's fifth-largest advertiser last year.
- Per JAMA, **spending on health care marketing** nearly doubled from 1997 to 2016, reaching \$30 billion a year. The biggest increase in medical marketing over the past 20 years was in "direct to consumer" advertising, which jumped from \$2.1 billion in 1997 to nearly \$10 billion in 2016.
- Per Forrester Research, **marketing technology spending** covering automation, advertising technology, and data and analytics is expected to increase to more than \$46 billion by 2022, up from approximately \$27 billion in 2017.
- Per Pivotal Research, **Amazon's advertising revenues** may reach \$38 billion by 2023. Google's and Facebook's are estimated to be \$215 billion and \$59 billion, respectively, by 2023, placing Amazon in solid third place in data-driven advertising.
- The four largest **mobile messaging apps** (WhatsApp, Facebook Messenger, WeChat, Viber) held 4.1 billion combined users in 2018, surpassing 3.4 billion users on the four largest social networks (Facebook, Twitter, Instagram, LinkedIn).
- **Consumer Video Marketing stats:** Marketers now have only 2.7 seconds to capture an audience. Attention spans are shorter than ever. (MarketingMag) 46% of consumers watch more video ads on social media than on TV and 80% of marketers feel good about the ROI of video ads posted on social media. (Animoto) More than 1.9 Billion logged-in users visit YouTube every month and 70+% of YouTube watch time comes from viewers on mobile devices.
- Per Mediakix, **the influencer marketing industry** ranged between \$3.2B and \$6.3B in 2018, and it's projected to be five to 10 billion dollars by 2020. The global Instagram influencer market size is projected to reach \$2.38 billion US dollars in 2019 per Statista. Per InfluencerDB, in June 2018 100 million people used the social media platform Instagram on a monthly basis and 75 million active users consume content on Instagram daily. Of all Instagram accounts with over 15,000 followers, 39% are active influencers.
- France's data protection authority issued a 50 million euro fine against **Google** for failing to comply with the General Data Protection Regulation, following last year's European Union decision to fine Google (\$5.1 billion) for breaking antitrust laws.
- Per Digiday, when it comes to starting an **in-house agency**, brands benefit the most from having control of marketing functions and faster turnaround times over cost-savings.
- Per COMvergence, Dentsu was most active with 19 **M&A deals**, followed by WPP and Publicis Groupe. Accenture Interactive and Deloitte Digital are breathing down their necks. Interpublic led Madison Avenue holding companies in terms of 2018 M&A deal value (mostly due to its acquisition of Acxiom).
- **Amazon's** ad business is growing fast, racking up \$3.4bn over the fourth quarter, a 97% YOY growth and finishing the year at over \$10bn. Per Pivotal Research, Amazon could generate \$38bn by 2023, most likely at the expense of Google and Facebook.
- Per **World Federation of Advertisers** and Observatory International study, 28% of large advertisers use performance-based fees as the main corporate remuneration contract, and an additional 15% combine performance with a labor-based payment. 52% think they focus too much on remuneration, negatively impacting relationships and over half are not getting full transparency on their agencies' costing models.



## AGENCY ACQUISITIONS IN 2018



**dentsu** **19** (23 in 2017)

Including **Namics** and **HelloWorld**  
(adding 900+ staff to Merkle)

**WPP** **12** (20 in 2017)

Including **Gorilla** (370 staff)



**8** (6 in 2017)

Including **Xebia** (300 staff)

**Accenture Interactive**  
Part of Accenture Digital

**7** (14 in 2017)

Including **Mackevision** and **MXM**  
(≈ 500 staff each)

**Deloitte Digital** **6** (4 in 2017)

Including **ATADATA** (25 staff)

**HAKUHODO** **5** (2 in 2017)

Including **Square Group** (550 staff)



**4** (5 in 2017)  
Including **Acxiom (AMS)** (2,100 staff)

**Capgemini** **4** (1 in 2017)

Including **LiquidHub** (1,600 staff)

**HAVAS GROUP** **3** (8 in 2017)

Including **Republica** (120 staff)

**Omnicom Group** **3** (2 in 2017)

Including **Credera** (300 staff)

**M&CSAATCHI** **3** (1 in 2017)

Including **Scarecrow** (90 staff)



**2** Launched in 2018

Including **MediaMonks** (750 staff)

**MDCXPartners** **1**

Including **Instrument** (175 staff)



**1** (1 in 2017)

**Gravity Road** (60 staff)



**1**

**UDKU** (10 staff)

No acquisitions recorded for **IBM iX** and **PwC**  
(Digital Services) in 2018

## AGENCY M&A DEAL TALLY: 2018

		Acquisitions	Staff	Revenue (millions)
1	Dentsu	19	2,337	\$241M
2	WPP	12	1,528	\$517M
3	Publicis Groupe	8	548	\$59M
4	Accenture Interactive*	7	1,894	\$238M
5	Deloitte Digital*	6	115	\$22M
6	Hakuhodo	5	818	\$73M
7	Interpublic (IPG)	4	2,242	\$667M
8	Capgemini*	4	1,890	\$245M
9	Havas	3	205	\$34M
10	Omnicom Group	3	515	\$95M
11	M&C Saatchi	3	96	\$3M
12	S4 Capital (S4C)**	2	940	\$165M
13	MDC Partners	1	175	\$21M
14	You & Mr Jones	1	60	\$7M
15	KPMG*	1	10	\$1M

**TOTAL**

**79**

**13,373**

**\$2,388M**

Source: COMvergence's "Radar on Marcom Agency Acquisitions" report

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# THE 10 DEALS 2018

TARGET (acquired firm)	Country (HQ)	Total employees as of date of acquisition	Yearly revenues as of date of acquisition (US \$M)	Year founded	Segment	NEW OWNER
Acxiom Marketing Solutions (AMS)	USA	2,100	\$657M	1969	DIGITAL	Mediabrand (IPG)
LiquidHub	USA	1,600	\$200M	2001	DIGITAL	Capgemini
MediaMonks	Netherlands	750	\$110M	2001	DIGITAL	S4 Capital
Square Group	Vietnam	550	\$40M	2005	Full Service	Hakuhodo
Namics	Germany	550	\$23M	1995	DIGITAL	Dentsu
Mackevision	Germany	520	\$50M	1994	DIGITAL	Accenture Digital
MXM	USA	450	\$100M	1969	CREATIVE	Accenture Digital
HelloWorld	USA	370	\$53M	1999	DIGITAL	Dentsu
Gorilla	USA	370	\$40M	1994	DIGITAL	WPP
Credera	USA	300	\$80M	1999	DIGITAL	Omnicom Group
Xebia	France	300	\$24M	2005	DIGITAL	Publicis
Digital Evolution Group (DEG)	USA	300	\$46M	1999	DIGITAL	Dentsu

Source: COMvergence's "Radar on Marcom Agency Acquisitions" report

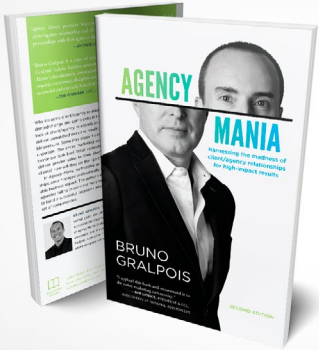
## Noteworthy quotes:

- » "Our existing clients will love us more for giving them our complete focus instead of chasing every shiny new object that comes our way. Who knows, maybe by year's end we'll see better-run RFPs across the board."

—Zak Mroueh, founder and chief creative officer and CEO, **Zulu Alpha Kilo**


- » "The move to performance-based remuneration is recognition that where agencies and advertisers are aligned in the same way, the outputs are more likely to be better for both."

—Laura Forcetti, global marketing sourcing manager, **WFA**



“

His face on the cover of the book says it all. We all try to keep up with an industry undergoing the greatest reset in history. Bruno, the increasingly charming industry truth tank - couples counsellor extraordinaire brings us his upbeat and very insightful commentary. There is so much talent in all aspects of this industry experiencing the reset. We need Bruno now more than ever. Bruno is our beacon.

 TOM SACCHI, Co-Founder, UNIT9

## PERFORMANCE: driving stronger performance and value from the partnership

The increased focus on data and analytics boosted advertisers' ability to measure success and make better informed decisions about where to concentrate their budgets. Agencies are also investing in building such capabilities so they can offer great insight and strategic recommendations to their clients. The industry is maturing as well, taking accountability for better work. For example, the industry group Coalition for Better Ads now lists four types of desktop ads and eight types of mobile ads (pop-ups, auto-playing video ads with sound, and full-screen scroll over ads) that it says, "fall beneath a threshold of consumer acceptability." 70 publishers from 27 countries have now certified that they comply with the standards.

- Per Ad Age, the **10 best ads of 2018** were: Doritos Blaze vs. Mountain Dew Ice "Battle," OKCupid's "DTF," McDonald's "The Flip," John Lewis' "#EltonJohnLewis," Libresse's "Viva La Vulva," Burger King's "Whopper Detour," Google's "Home Alone Again," Amazon's "Alexa Loses Her Voice," HBO's "SXSWestworld," and Nike's "Believe in Something. Even If It Means Sacrificing Everything."
- **Nike** was awarded "Client of the Year" by MediaPost, citing the September launch of Colin Kaepernick's "Dream Crazy" campaign which netted Nike \$164 million in free media exposure within a few days. Other winners: Horizon (for Media), Publicis Media (for Social), Giant Spoon (for Creative), Merkle (for Search), Mutual Mobile (for Mobile), and Essence (for OMMA).
- **Agency Spotter** published its top advertising agencies based on 2,300 agencies they evaluated. Here are the top 5: 1) Chemistry (Atlanta), 2) Traction (San Francisco), 3) Reason (Orlando), 4) Preston Kelly (Minneapolis), 5) Amelie Company (Denver).
- Per R3 Worldwide, Publicis Worldwide is the global winner in **new business development** (based on estimated net new business revenue minus client losses) among creative agencies in 2018, adding \$200 million and 200 wins (Adidas, Nestle, and others). Sibling agency Leo Burnett was second globally, followed by WPP's J. Walter Thompson. Omnicom's Goodby Silverstein & Partners is the winner in the US for creative, followed by Burnett and R/GA. An estimated \$3.1 billion in media and creative work combined changed hands in 2018. Among media agencies, the global winner is MediaCom, and the US winner is Hearts & Science.
- Per Andy Betts, the **3 'A's of Accountability** for CMOs are AI, automation, and analytics—three critical strategies for CMOs in 2019 and beyond to make impactful changes in their organization.
- Per **LinkedIn**, videos are shared 20x more often than other types of content formats in the LinkedIn feed. 80% of LinkedIn videos are watched in silence. The optimal length for LinkedIn videos is 30 to 90 seconds, with 80% percent of viewers saying they're happy to watch videos this length.

- Per Frankfurt Kurnit Klein and Selz PC, six **major contract clauses for influencer marketing include**: 1) Get representations and warranties from your influencers, 2) Deal with idea submission waivers, 3) Define union assumption provisions in agency-client agreements, music licenses, and featured co-promotion deals, 4) Use morals clauses for talent agreements, 5) Determine "post-term" provisions to include in talent agreements and content licenses, 6) Figure out what "special provisions" to include for spots produced under the SAG-AFTRA low budget digital waiver.
- Per Points North, Ritz-Carlton is the brand most impacted by **disingenuous Instagram followers**, with 72% outed as fake. Pampers, Magnum Ice Cream, and Olay had fake follower rates of 32%, 20%, and 19% respectively.
- **Facebook** completed its beta program and now allows advertisers to use third-party vendors—DoubleVerify and OpenSlate are the first two verification vendors—to manage brand safety on its platform.

### Noteworthy quotes:

- » "How many times did I hear clients in my last year at WPP say, 'We don't need the big set pieces by big agencies'? They might need them around the Super Bowl or Christmas, but what they need is always-on content at speed and at a low cost."  
—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » "We have to be careful that as advertisers we don't become lazy in our relationships with agencies. It takes work and it takes time. Those relationships need to be nurtured."—Diego Scotti, CMO, **Verizon**
- » "IBM involves its agency partners every step of the way, having learned that the best way to improve a client-agency relationship is by working together as a team."  
—Joyce Costello, worldwide agency management, corporate marketing, **IBM**
- » "When you ask [big clients] what their biggest issue is, they say lack of speed. Clients say that about agencies as well. They're too slow. Even the smaller, independent agencies don't move as quickly as clients want. The premium is on speed."  
—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » "If the speed of innovation, consolidation, and pivots continues at the current pace, it'll remain increasingly challenging to keep track of who's doing what and how well."  
—Maja Milicevic, principal and founder, **Sparrow Digital Holdings**
- » "I would say that the days of advertising as we know it today are numbered. We need to start thinking about a world with no ads."  
—Marc Pritchard, chief brand officer, **Procter & Gamble**
- » "Measurement varies by client, but it's so important for us to make sure we're in lockstep with what success looks like before we press go."  
—John Osborn, global CEO, **OMD**





» “Surely in-house talent can get things done faster and cheaper—right? Perhaps. But what about innovation? What about the overhead required to manage an internal marketing entity? There are many reasons, in my opinion, not to go down the path of keeping everything in-house.”

—Rick Gardinier, partner, chief digital officer,  
**BRUNNER / BHiveLab**

## AGENCY REVIEWS AND ROSTER CHANGES

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.

- Pet supply retailer **Petco** selected Horizon Media as its new media agency of record, following a review, and replacing small local media shops. The agency will handle media planning and buying across paid channels and strategic integration. The agency will partner with Anomaly and Edelman, Petco's Creative and PR agencies of record.
- Health and fitness brand **Performix** hired Omnicom Group's Merkley + Partners as its new AOR (a first for the brand) after a review. The agency will provide strategy, brand advertising, media planning and buying, social strategy and content generation, as well as data and analytics services.
- Confectionary brand and chocolate maker **Russell Stover** hired Cutwater as its new agency of record, replacing less than one-year-old incumbent WPP's VML (now part of VMLY&R). The agency will handle brand strategy, creative, communication planning, and social.
- Video game company **Electronic Arts** kicked off a review to find a media agency partner to handle linear, broadcast, and out-of-home media. The incumbent Publicis Groupe's Starcom will defend. The brand handles all strategy and planning as well as digital, including search, social, programmatic and digital out-of-home internally, and recently consolidated its internal media disciplines across channels, regions, and business units.
- **McDonald's** kicked off a review for the local US media business. Omnicom Group shop OMD has been handling national but also local media buying across the US for co-operative groups of McDonalds since 2017. The brand will again allow flexibility so local co-ops can choose from a variety of media agencies to work with. OMD will retain the national media work. The local media agencies will work with McDonald's national creative shop We Are Unlimited, and entertainment and content marketing shop The Content Collective, both part of Omnicom.
- **The Nature's Bounty Co.** selected WPP agency VMLY&R as agency of record for both the Nature's Bounty and Sundown Naturals brands. The agency will partner with the company's in-house team to develop and execute comprehensive communications strategies for both brands in the US.
- Salon brand **Great Clips** selected independent Tombras Group as its new media agency of record following a review and replacing incumbent Minneapolis-based agency Periscope. The agency will handle buying and planning across TV, radio, digital, social, search, programmatic, and out-of-home, and will collaborate with the creative agency Hunt Adkins.
- **Blue Diamond Growers** hired TBWA/Chiat/Day LA as its creative AOR following a review, replacing incumbent Publicis Groupe shop Riney. The agency will partner with media AOR Harmelin Media which handles planning and buying for the brand.
- Motorcycle brand icon **Harley-Davidson** kicked off a search for a US creative agency, which may potentially impact the dedicated IPG unit called Team Ignite, to handle global creative, media, and digital work.
- **Columbia Sportswear** selected Crispin Porter Bogusky as its creative lead agency for its Sorel brand. Paid media duties were assigned to BSSP.
- Burger chain **Carl's Jr.** kicked off a review of its creative account, less than a year after launching its first campaign from its newly-assigned agency Havas. Havas sister agency Arnold remains the creative AOR for sister brand Hardee's.
- Package delivery company **UPS** selected Interpublic Group of Cos.-owned shop The Martin Agency (which held the account from 2000 until 2009) as its new strategic brand and creative agency of record, following a review. The agency will work with IPG-owned media shop Initiative.
- Energy giant **Chevron** launched a global media agency review. The incumbent, WPP's MEC, now part of Wavemaker, has been working with the brand for 16 years.
- Fast-food chain **McDonald's** appointed Publicis Groupe's Starcom as its media AOR in Russia, following a review, replacing incumbent Omnicom-owned OMD. The agency will partner with sibling agency Leo Burnett, its creative AOR for the past 11 years.
- Footwear, apparel, and equipment company **ASICS** selected barrettSF as its creative and brand strategy agency, replacing incumbent Publicis-owned Saatchi & Saatchi.

## Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
ASICS	Saatchi & Saatchi	Creative, Brand		barrettSF	
Blue Diamond Growers	Riney	Creative	U.S.	TBWA/Chiat/Day LA	Y
Carl's Jr.	Havas	Creative			Y
Chevron	MEC	Media	Global		Y
Columbia Sportswear (Sorel Brand)		Creative	Global	Crispin Porter + Bogusky	
Electronic Arts	Starcom	Media	Global		Y
Great Clips	Periscope	Media	North America	Tombras Group	Y
McDonald's	OMD	Media	Local US		Y
McDonald's	OMD	Media	Russia	Starcom	Y
Performix		Strategy, Creative, Media, Social, Content, Data		Merkley + Partners	Y
Petco	MediaLink	Media	US	Horizon Media	Y
Russell Stover Chocolates	YMLY&R	Brand, Creative, Communication, Social		Cutwater	Y
The Nature's Bounty	Droga5	Communications	US	VMLY&R	
UPS		Brand, Creative	Global	The Martin Agency	

*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.*



**“A MUST READ** for every agency and brand executive wanting to understand how agencies and clients will (and should) work in the future. The traditional collaboration model with agencies is obsolete. **Bruno Gralpois** gives us the keys to new, more productive and effective ways to engage with agency partners!

 **PHILIPPE PAGET, CEO**  
AdForum