

# Industry Update

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

November 2019 | Volume 41

## Executive Summary—Monthly Recap

The advertising industry is now in a constant state of turmoil, it appears. Brand advertisers, publishers, agencies, and service providers alike are all shouting out loud, asking for positive change.

Not unlike an inspiring performance by 16-year-old Swedish activist Greta Thunberg asking leaders to take greater accountability for climate change. There is no single, inspiring voice in the ad industry as Greta to rally everyone behind a single banner.

Yet the painful and sustained issues of transparency and trust, talent diversity, digital fraud, rising numbers of reviews and RFPs from hell, data integrity and consumer privacy, combined with the growing pains experienced by the marketing discipline maturing while expanding in scope and responsibilities leads everyone wondering what the future of advertising looks like.



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## 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.

*Table of Contents*

<b>Talent</b> .....	<b>page 1</b>
<b>Work</b> .....	<b>page 3</b>
<b>Column</b> .....	<b>page 4</b>
<b>Financials</b> .....	<b>page 5</b>
<b>Performance and Value</b> .....	<b>page 6</b>
<b>Agency Reviews and Roster Changes</b> .....	<b>page 7</b>

## TALENT: securing the right talent and resources

The race for talent is on. Although some brands are preparing for the possibility of an economic slowdown, the industry seems optimistic, and is investing in securing top talent to fuel growth. Per eMarketer, 70% of total US digital advertising revenue in 2019 is handled by Google, Facebook, and Amazon. So it's not surprising that these players are attracting top talent, competing with agencies and advertisers. The sheer size and appetite of these advertising giants for innovation, automation, and use of adtech provides fertile ground for new skills to be developed. The continued M&A activity in the advertising sector is another poignant example of this search for value-add talent.

- Per WFA and ASM Partners, only 15% of global advertisers are “very clear” on roles and responsibilities related to **global agency relations management**. There is little-to-no standard organizational model for many roles.
- Per **Forrester**, most agency jobs will be significantly changed and enhanced (not replaced) by the impact of widespread automation and AI by 2030—as much as 80% of industry jobs.
- Per Fishbowl, 65% of agency personnel are suffering **burnout** from overwork, more than teachers and consultants. Top burnout places: McCann (77%), Ogilvy (72%), Grey (68%), Edelman (64%), and FCB (58%).
- **Collective Wisdom** was recently launched to offer clients an experienced team of creatives and strategists who can be custom-curated to deliver on a brief with speed and with total transparency. The company is founded by marketing and ad industry veterans Jim Wallace and Sai Saraban.
- Independent Chicago marketing agencies **Sandstorm** and the Jacobs Agency merged under the name Sandstorm, headquartered in Chicago. The two entities are combining data-driven digital and user experience expertise.
- Austin, Texas, digital agency **T3**—with clients like UPS, Pizza Hut, and 7-Eleven—was acquired by marketing services company LRW Group. T3 staff will become part of LRW's Los Angeles-based Action Division, leveraging the firm's expertise in experience and design work.
- **Seismic**, the industry's leading sales enablement solution acquired Percolate. The combined entity allows marketers to align their most compelling and personalized content wherever and whenever customers interact with their brand.

- Per IHAF/Forrester, “In 2020, we predict a third of **in-house agencies** will include media operations that control substantial portions of the paid media budget.” Client media in-housing grew nearly 30% this year alone. The report also claims that staffers in production, project management, account management, strategy, and creative “will see many of their responsibilities automated via workflow technologies, planning/activation platforms, and dynamic creative engines powered by automation.”
- Martin Sorrell’s **S4 Capital** and its programmatic media practice MightyHive acquired two new companies to improve its analytical offering: London-based ConversionWorks and South Korea-based data and analytics consultancy Datalicious Korea.
- **S4 Capital’s** production company MediaMonks merged with Firewood, a Silicon Valley digital marketing agency known for its ethnically diverse talent and its clients such as Facebook, Google, LinkedIn, Salesforce, and VMware.
- Per Results International Group, **adtech M&A activity** doubled during the first three quarters of 2019, with 86 deals. For example, Blackstone Group acquired mobile advertising and app monetization startup Vungle for \$750 million.
- Canada’s Bishop Integrated rebranded as **Brock & Belle** as it moves from being a production studio into a full-service agency that delivers strategy, analytics, creative and production. The agency focuses on the food & beverage industry.
- High-profile independent creative agency **JohnxHannes**, named 2019 Ad Age’s Small Agency of the Year and the winner of multiple awards, including the Health Grand Prix in Cannes last year, closed its doors after three years so the partners can split and start two new agencies: Miramar and Alto.
- OTT platform **Roku**, strong of 30.5 million active accounts, acquired demand-side platform dataxu for \$150 million in cash and stock. Dataxu provides brands with an automated bidding, self-serve platform for managing advertising campaigns programmatically across digital platforms.
- **Accenture** opened a new marketing operations hub in Mumbai, India, designed to serve as the centerpiece for the company’s new “experience activation network.” The network offers content services, programmatic, digital marketing, and e-commerce services with experts ranging from data scientists and graphic designers to programmatic and ecommerce experts.
- **Accenture Interactive** acquired digital consultancy Bow & Arrow, bringing their clients Mini, Spotify, Google, and Dixons Carphone as part of their portfolio. The agency’s offering is focused on finding opportunities for new digital products, services, and ventures in emerging market sectors.
- **Accenture Interactive** acquired Sutter Mills, a French firm specializing in developing and executing data-driven marketing strategies. Accenture Interactive acquired French digital commerce agency Altima in 2017.
- Integrated marketing agency **Motion** acquired health- and wellness-focused branding and design firm Remedy, which has large brand clients such as Baxter, Abbott, and IBM.
- Vice Media acquired online publisher Refinery29, a move triggered in response to larger consolidation across media. The combined entity is now called **Vice Media Group**.
- **Taboola** acquired fellow Israeli content recommendation firm Outbrain to create a digital advertising powerhouse, competing with Google, Facebook, and Amazon.
- **Omnicom Precision Marketing Group (OPMG)** acquired a majority stake in Smart Digital GmbH, a leading consulting and marketing technology company with a proprietary AI platform and data capabilities powering real-time customer experiences.
- Brand experience design firm **Accomplice** acquired two design agencies: Design & Manufacturing, an experiential design agency with a roster including Bose, Mercedes, Casper, and Marriott, and tech design firm Spatial Cinematics to integrate its AR/VR products into Accomplice’s experiences.

Noteworthy quotes:

- » “We now believe we compete directly with ad agencies and digital firms, [and] to a small extent, media companies, that earned creative is the future, that it’s trustworthy content, fast as the news cycle, social by design, has purpose at the core, and starts movements.”—Richard Edelman, president/CEO, **Edelman**
- » “The CMOs want to control the relationship with consumers and as a result, they’re looking at more sophisticated models and some of the integration of agencies themselves.”—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » “By working with both in-house agency talent and client marketing departments, brands can blend key capabilities across creative, technology, and media to centralize data and insights and share responsibility and accountability across departments.”—Sue McCusker, global chief client officer, **Isobar**
- » “We expect agencies to finally disassemble what remains of their outmoded model and reassemble centralized structures and new capabilities strengthened by scaled data, technology, and creativity.”—Jay Pattisall, analyst, **Forrester**
- » “Now that the trend of in-housing has had some time to settle, a surprising opportunity to rekindle time-tested relationships and demonstrate the value of agencies has emerged.”—Marc Brownstein, president and CEO, **Brownstein Group**
- » “The background to the growth of in-housing is disruption and the explosion of digital.”—Sue McCusker, global chief client officer, **Isobar**

» “Bigger is bad for just about everything we’re expected to do as agencies. Bigger obstructs creativity, speed, innovation, adaptability, and understanding. It creates distance, which creates more places to hide, more hand-offs to others, and more layers that ideas have to survive. And bigger reduces accountability, resourcefulness, speed, and opportunity per employee, which slowly corrodes the structure from the bottom up.”—John Trahar, co-founder, creative/strategic lead, **Greatest Common Factory**

» “The brands in this room should force agencies back to that [bundled] model.”—Gary Vaynerchuk, chairman, **VaynerX**

» “If you read the industry commentary about advertising agencies you would begin to think that agencies are filled with either stupid, lazy, untalented hacks or cunning, duplicitous, lying con-artists. But clearly the truth is a polar opposite of this.”—Darren Woolley, founder and global CEO, **TrinityP3**

» “In-house agencies who believe that they can do everything themselves forever are fooling themselves because they would miss out on a lot of great opportunities to learn from others.”—Rémi Marcelli, senior vice president, head of The LEGO Agency, **The LEGO Group**

» “For years, Redbooks reported about 17K “real” agencies. Here at AgencyFinder, we used a combination including MarketPlace to identify about 30K [agencies] and that number ran sacred for years. Someone recently put 120K on the table and it was never challenged.”  
—Charles Meyst, chairman & CEO, **AgencyFinder**

- Per **Twitter**, “political speech should be ‘earned, not bought.’” The social media giant banned all political ads on the platform globally, with a few exceptions such as ads in support of voter registration.
- In-house and external agencies increasingly collaborate on work. **Allstate’s** in-house team and 72andSunny created a series of new spots that team Tina Fey with the brand’s Mayhem character promoting the brand’s Drivewise app, which rewards careful driving.
- Per the **World Federation of Advertisers**, brands are far more likely to rate the work of their agencies as “excellent” or “very good” if the work was the product of a retainer relationship versus project work. 43% of brands admitted being merely adequate, poor, or very poor at briefing agencies. 45% claim to supply agencies with “reasonably” detailed scope of work, but only 24% provide a general overview of key initiatives.
- **HBO**, with **OUTFRONT Media**, launched a “Watchmen” campaign, running across subways, bus posters, transit shelters, digital video billboards, and more, with augmented reality out-of-home ads in key cities that made the sky appear to rain with dead squid when people unlocked the content with their smartphones.
- **Mercedes-Benz USA and Mattel** partnered to launch a “No Limits” program, giving away 50,000 special Matchbox Mercedes 220SEs, celebrating racer Ewy Rosqvist’s win at the 1962 Argentinian Grand Prix, a gender-redefining performance.
- **Adidas** partnered with Snapchat to launch its new 8-bit-themed baseball shoes with a “Baseball’s Next Level” 8-bit game, allowing users to buy Adidas shoes within game.
- The **Las Vegas Convention and Visitors Authority** launched a Thanksgiving Excuse Generator to help those who need an “escape from awkward and uncomfortable family gatherings” to fly to Vegas instead.
- **Disney’s** launch of its streaming service Disney+ and its battles with Netflix and Amazon highlight a changing TV landscape by the company’s banning Netflix from running ads on its Disney TV network.
- **Facebook** launched a suite of ad products—poll, playable, and augmented reality ads. Poll ads allow brands to ask users to vote on anything. Playable ads allow brands to create gamified content and distribute it as advertising. AR ads let consumers interact with brands through their smartphone cameras.

## WORK: producing great work and outcomes

Per Ad Age Collective, some of this year’s top marketing challenges for brand advertisers include the following: Agencies are having to increasingly demonstrate their value to clients. Automation is commoditizing media buying, but also marketing functions. Taking an omnichannel approach has never been more important than it is now. Demand for high quality, low budget video is on the rise. The broadening role of marketing is challenging from a talent and skillset perspective. How to fully leverage promising emerging technology and artificial intelligence (AI) still remains unclear for many. The ethical collection and use of data is harder than expected but critical.

- **Budweiser** gave us a treat with its refreshed “Drink Wiser” responsible drinking campaign for Halloween with ads featuring costumed mugshots of real people who have been arrested for irresponsible behavior on Halloween.
- **Skittles** launched its first Halloween commercial in more than five years with help from its agency DDB Chicago and Smuggler Production House, featuring a witch who lures a young man into her house with the promise of a lifetime supply of free Skittles, but begs him to leave because he is annoying.

### Part 2 of 2: Transparency in the Bidding Process for Creative Production

One means by which advertisers are gaining transparency in bidding video production is through a process known as Bid Management. Essentially, centralizing Bid Management helps to get better visibility to process, costs, and production suppliers. Bid Management decouples the responsibility for production bidding and negotiating from the agency's responsibilities for creative development and production management. With Bid Management, advertisers can be certain that the process of bidding and negotiating with production vendors is both neutral and equitable, as well as transparent.

It is important to note that the third-party bidding process has historically been, and continues to be, a manual process around the globe usually led by the Agency of Record (AOR) responsible for the ideation of the concept. Traditionally, the AOR reaches out to the production companies, receives and reviews their bids, and awards the work to the winning bidder. This traditional (and manual) process is now being challenged for a few reasons:

- First, agencies, or their holding companies, are bringing more production work in-house, which thereby creates a conflict of interest; the bidder is also the supplier... or the referee is also the player.
- Secondly, marketers who seek to modernize their bidding processes are centralizing the bidding of third parties to provide better transparency and more control over the bidding process, which could result in cost savings.
- And, third, speed is important in the modern world of marketing, and centralizing the bidding can speed up the process and award the projects faster to the production suppliers.

One key pillar of the Bid Management methodology is to ensure that vendors receive the same production specification information outlining job-scope at the same time. A second is to guarantee that production vendors are allowed to fairly estimate and directly submit both original and subsequently negotiated bids. In other words, there is no "finger on the scale." Bid Management is especially important to consider when agencies are bidding internal production and/or post-production resources as well as external third-party vendors.

Some advertisers are choosing to facilitate Bid Management internally and directly source production vendors in conjunction with their internal procurement team, while others prefer to engage neutral third-party production consultants to manage the bidding process on their behalf. However, a key to the success of a Bid Management program is to ensure that those responsible possess deep knowledge in the detailed aspects of real-world production, including expertise beyond rates—the know-how.

It is key to define the Bid Management process, which can work on its own as a traditional manual process or with a tool. There are Bid Management software tools currently available, or in development, that can be added to the process to provide key stakeholders a clear line of sight to submissions throughout the bidding process. These tools can provide advertisers with a thorough audit trail as submissions are date-stamped, controlled, and organized. Additionally, some Bid Management tools include an accompanying project management capability that creates a repository of project data that provides stakeholders easy access to current or historical awarded bid information.

It is worth mentioning that a particular advantage to creative agencies of centralized Bid Management is that the decoupled process allows the agency to remain focused on the creative production itself, knowing that the financial details involved in bidding will be simultaneously handled by production experts. And, having more visibility to the production supplier landscape with centralized bidding means better, more informed decision making.

Changes and creative considerations, including those that develop as creative concepts, that evolve during discussions between the agency, directors, and other vendors, are important to address in the centralized Bid Management process.

Another thing to keep in mind – bid award decisions should not be made based on cost alone, but on quality and approach. The best creative idea comes to life in the execution of the idea—the production. Therefore, careful attention to HOW the idea is approached is critical to ensure quality is achieved.

If centralizing Bid Management is not for you, or your creative agencies continue to manage the bidding processes, then updating your bidding protocols and bid guidelines is recommended as a next step to ensure the proper governance exists to address today's environment. Creative considerations should continue to play a critical role in the decision-making process.



## Noteworthy quotes:

- » “And we can do paid [media] because we have 600 creatives at Edelman, most of whom came from paid context. We have media buyers, et cetera, mostly for social.”—Richard Edelman, president and CEO, **Edelman**
- » “It’s all about the work, and it’s always about the client.”—Marc Brownstein, president and CEO, **Brownstein Group**
- » “Instead of disrupting the traditional agency-client relationship, in-housing is enabling agencies and clients to partner better than ever.”—Sue McCusker, global chief client officer, **Isobar**
- » “Scaling small means setting up to do more well rather than just more of the same.”—John Trahar, co-founder, creative/strategic lead, **Greatest Common Factory**
- » “There’s an RFP out right now from a large CPG company offering no remuneration for pitch IP and stipulating they own the work. Agencies: DON’T DO IT!”—Nancy Hill, founder, **The Agency Sherpa**
- » “It’s not about what you want. It’s about what’s delivering in the market.”—Andrew Martin, CEO, **Metia**
- » “We have grown as a no-pitch agency, which I’m really excited about. It’s stifling growth in the industry, and I think it’s got to stop.”—Meryl Draper, co-founder and CEO, **Quirk Creative**
- » “If the agency in receipt of the brief doesn’t ‘challenge the brief,’ or in other words ask questions, seek clarification and generally be curious, then what is received back by the client in the form of a proposal or campaign plan can be anywhere between hit or miss.”—Andrew Crowther, client strategist, **Epiphany**
- » “We wanted a fresh perspective and to be inspired by the outside world. We know the brand so well that sometimes it’s difficult to go out there and know where to stretch it, so we needed that outside push and outside-in perspective that’s sometimes difficult to find ourselves.”—Rémi Marcelli, senior vice president, head of The LEGO Agency, **The LEGO Group**
- » “Pitching has become the wild west with reviews being managed internally, outsourced through ex-employee consultants, procurement, and more. I’m seeing more blatant misfires than ever before.”—Matt Weiss, President Strategic Growth, **Huge**

## FINANCIALS: driving efficient use of resources

A recent article titled, “Are the big six ad agencies heading for extinction?” raised concerns about the poor or declining organic growth performance of holding companies in recent months. WPP, Publicis Groupe and Omnicom have experienced noticeable drops in revenue or organic growth in the third quarter of the year, contributing to poor stock performance. Yet, per Gartner, 61% of CMOs believe their budgets will increase in 2020. Global ad spend projections are still strong. So where is the disconnect? Are budgets shifting from agency fees and production to media or other adtech investment opportunities as we’ve seen in the case of P&G? Are small independent firms and large consulting firms grabbing a larger share of marketing budgets, contributing to holding companies to fight harder to protect their business? Will an advertising-savvy Silicon Valley save Madison Avenue as we know it?

- Per eMarketer, **Amazon ad revenue** is estimated to generate nearly \$10 billion in 2019, a 33% increase YOY. The company is expected to grab approximately 10% of US digital ad spending by 2021. 72% of its US net digital ad revenues comes from search ads (vs. display advertising).
- Per Zenith, **global ad spend** is expected to grow by 4.4% this year to reach \$640 billion. The US ad market represents half of the global ad spend. TV remains the larger channel, followed by paid-search advertising. Both paid search and social media are experiencing rapid growth.
- Per Instascreener, advertisers in the US and Canada directed \$478m of their marketing budgets to **influencers** in Q3 alone, of which \$350m was spent on social platform Instagram. An estimated \$65m was spent on fake accounts.
- Holding company **Publicis Groupe** reported an organic revenue decline of 2.7% in Q3 (a 4.9% organic drop in the US). Net revenue was \$2.83 billion (euro 2.58 billion), a 17.3% increase YOY thanks to positive exchange rates.
- Holding company **WPP** reported revenue for the first nine months was £9.65 billion (\$12.4 billion). Q3 wins included Mondelez, Centrica, eBay and the US Marine Corps. The group posted a 1.8% increase in organic revenue in Q3, mostly driven by top-performing agencies like Wunderman Thompson and VMLY&R. Shareholders recently approved the sale of WPP’s majority stake in research division Kantar to Bain Capital for \$4bn.
- Holding company **Interpublic Group of Cos.** reported 8.7% growth in worldwide net revenue for its third quarter (\$2.1 billion), in part due to last year’s Acxiom acquisition, and a rise of 1.4% in organic net revenue, despite client losses (media business of Fiat Chrysler Automobiles, the US Army, and Volkswagen’s creative account in North America).



- Holding company **Omnicom** reported a 2.4% drop in Q3 revenue to \$3.6 billion, mostly due to the negative impact of foreign exchange rates. Organic revenue growth was 2.2%, due to strong performance by creative and healthcare agencies, and despite the poor performance of CRM and PR. Net income was down 3% to \$290 million.
- Brands like P&G, L'Oréal, T-Mobile, and Bayer are now bypassing demand-side platforms and going straight to exchanges and publishers to ask for log-level data about **programmatic buying** and bids they've won and lost. Agencies like Havas and IPG's Magna Global are also asking for that data.
- **Amazon** advertising revenue is up 45% compared to last year as the giant helps brands deliver more targeted ads, using machine learning, within the Amazon ecosystem. Per eMarketer, Amazon's share of search revenue is expected to grow to 16% by 2021, at the expense of Google's share, which could drop to 70%.
- Subscription mobile-video platform **Quibi**, focused on the millennial audience, sold out its \$150m first-year ad inventory to large advertisers like General Mills, T-Mobile and Taco Bell before launching its service in April 2020.
- CPG giant **Procter & Gamble Co.** reported \$214 million of "marketing reinvestment"—primarily media spending—while driving savings from agency, creative production, and overhead costs. The brand posted its second straight quarter of organic sales growth (7%).
- Per **Gartner's annual CMO survey**, marketing budget allocations across major resources are shifting. The two largest investment groups—Martech and Media—are each 26% of the total, followed by labor (25%) and agency (22%). Media spend is on the rise and agency spend is on the decline.
- German multinational pharmaceutical company **Bayer** is planning to run all of its digital buys internally by the end of 2020. The brand is already running programmatic, search, and all digital analytics in-house. Per Digiday, Bayer saved close to \$10 million in costs in its first six weeks of handling programmatic in-house.
- Social platform giant **Facebook** agreed to pay \$28 million to brand advertisers and up to \$12 million to lawyers as part of a settlement of a lawsuit that claimed it inflated video viewership metrics by 150% to 900%.
- Per Zenith Media's Advertising Expenditure Forecasts, **social media advertising** totals are expected to be 20% higher in 2019, accounting for 13% of all global spend, still behind TV (29%) and paid search (17%).
- Per Association of National Advertisers (ANA), 69% of advertisers updated their **media agency contracts** within the past three years in response to concerns about transparency and alleged rebates in the media buying space. 60% of them believe rebates, discounts, and various forms of media kickbacks are not deemed part of a media agency's compensation.

Noteworthy quotes:

- » "The risk for marketers is that poor productivity in-house can completely wipe out any real cost benefit for the organization."—Darren Woolley, founder and global CEO, **TrinityP3**
- » "We don't have to break out our agencies into one silo. Why break it up? All it is, is accounting."—Michael Roth, CEO, **Interpublic Group of Cos**
- » "We are without a doubt at the hardest part yet of our journey, and as is the case with any major structural change, things always get worse before they get better."—Arthur Sadoun, chairman/CEO, **Publicis Groupe**
- » "Agencies should make money, and I think clients want to be super clear about how they're making that money and reward them proportionately."—Ivan Pollard, CMO, **General Mills**

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

Conversations among marketing procurement professionals, as evidenced at ProcureCON, indicate a renewed concern about the way RFPs are sometimes run, a sentiment shared by agencies fed up with poor or unfair practices. We are likely to see a record number of agency reviews next year, most of them leading to accounts changing hands, as retention rates are on the decline. ID Comms is forecasting at least a half dozen multibillion-dollar media pitches in the first quarter of 2020 alone. COMvergence reported on a massive number of agency reviews and over \$17B in media spend being reviewed in the first three quarters of this year alone. The focus of these reviews will likely be on media, but also data, technology, and strategic alignment, as brands look to better align their internal operating models with external agencies.

- **LinkedIn** reached the new high of 660 million members worldwide. The social media platform grew over 50% since its acquisition by Microsoft in 2016, fueled by growth in the US, India, and China.
- **Metia** introduced a Performance Benchmark System (PBX) to forecast ROI and develop media strategies for brands. Using their Active Optimization techniques, they developed hypotheses to test in market, analyzing ad creative, content, and targeting.
- **Cross Media Working Group**, an ad industry coalition that includes top brands like Mastercard, P&G, and Unilever, as well as tech firms and holding companies, launched a new global initiative to develop a more transparent metrics system for all countries, while also respecting consumer privacy.
- Per consultant Avi Dan, the **Most Consequential Agencies of The Decade** include 1) Wieden+Kennedy, 2) Droga5, 3) Work & Co, 4) Apple In-House Agency, 5) 360i 6) Alma, 7) McCann, 8) Goodby Silverstein & Partners, and 9) Giant Spoon.

- Interpublic Group launched **Kinesso**, a new precision targeting and optimization firm powered by Acxiom, creating applications that help brands amplify the impact of traditional and addressable media through the better use of data. Its addressable media activation unit Cadreon is now part of Kinesso.
- **North American healthcare marketing sector:** Revenue among the 100 agencies climbed to 16% in 2018. The top four agencies were: 1) Klick Health, 2) Syneos Health Communications, 3) FCB Health New York, 4) McCann Health.
- Per Forrester Research, **Squark** was listed among the top machine learning companies and include clients like Nielsen, Ford, and DHL. AI is used to optimize revenue, cut costs, and reduce risk. Squark creates models that brands can use to quickly turn data into models.
- **Omnicom agencies** topped industry lists at the 2019 Spikes Asia Festival of Creativity. 20 Omnicom agencies contributed to more than 120 Spike awards featuring work for 40 different clients, resulting in 12 Grand Prix awards, seven of which were from BBDO, three from TBWA, and two from DDB. For the sixth year in a row, BBDO received the night's top honor and was named Network of the Year, with TBWA placing third.
- **Unilever** launched its cross-media measurement model, which includes trust and validation as core components, asking global publishers to work with independent third-party verification companies.
- Burger King's "Whopper Detour" campaign by FCB New York won the **Grand Clio** in two categories, Digital/Mobile and Direct at the 60th Annual Clio Awards. Burger King was also named 'Advertiser of the Year.' Mattel's Barbie won the Brand Icon Award. McCann New York was named Agency of the Year, and BBDO Worldwide received the Network of the Year honor.

#### Noteworthy quotes:

- » "Agencies cannot afford to lose what sets them apart: the inventive, diverse, passionate individuals that make this possible. They are the lifeblood of our work."—Marc Brownstein, president and CEO, **Brownstein Group**
- » "True power in advertising isn't more people, it's more impact."—John Trahar, co-founder, creative/strategic lead, **Greatest Common Factory**
- » "We've now collapsed media and creative. Now we're also operating in these segment-specific cluster teams. It means you don't have separate [channels] fighting for budgets."—Allyson Witherspoon, vice president marketing, **Nissan Motor Corporation**
- » "In-house for us is data, analytics, and to an extent, adtech. As we look at these three areas and we look at how our skillset and talent will be utilized to build and scale our marketing, it's a total game changer."—Phil Wilson, senior VP, enterprise digital demand generation, **American Express**
- » "Meaningful cross-audience measurement represents a step-change for marketers in understanding the impact of their marketing investment."—Stephan Loerke, CEO, **World Federation of Advertisers (WFA)**
- » "I wonder why we're not applying data and analytics to understand the value that gets created by an agency's strategic or creative thinking."—Ivan Pollard, CMO, **General Mills**
- » "It turned out no one had ever really done an MDC pitch before. Win or lose, we are learning we can get to be a true holding company by working together."—Mark Penn, CEO and chairman, **MDC Partners**
- » "Don't be lured by short-term gains; aim for lasting relationships built on trust."—Evan Rutchik, chief revenue officer, **Ogury**
- » "On the basis that long-term client/agency relationships have delivered the most long-term value, doesn't it make more sense to independently review rather than disrupt what is already working well?"—Darren Woolley, founder & global CEO, **TrinityP3**

## 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.

Per COMvergence,

- From January to September 2019, 1,917 media accounts moved or were retained across 41 countries, totaling \$17.2B.
- The biggest local reviews were recorded in the US: P&G's eight business divisions (\$2.5B), Allergan (\$342M), 20th Century Fox (\$273M), and Signet Jewelers (\$228B).
- Out of the \$17.2B of media spend reviewed in Q1-Q3 2019, \$1.75B (or 10%) went to independents or in-house. In North America, Horizon Media added \$360M of new client billings. ADT, P&G's Secret brand, Walmart, and Capital One digital media accounts, totaling \$190M, moved in-house.
- The US has dominated the media pitch activity in Q1-Q3 2019 in terms of spend volume (\$7.2B). US reviews represent 42% of the total spend put in play in Q1-Q3 globally.
- The average retention rate (across the 41 countries) continues to decline: 24% vs. 29% for the same period in 2018.
- Local pitches amounting to \$13.7B (out of a total reviewed spend of \$17.2B) represent 80% of all pitches and moves assessed. Global and regional pitches totaled only \$3.5B (vs. \$7.2B in Q3 2018).

**KEY INDICATORS**

ON THE MAJOR MEDIA PITCHES & MOVES IN 41 COUNTRIES (1/2)

COUNTRY	TOTAL spend reviewed in USDm	Pitches & moves		# pitches & moves assessed (non-live/hold)	of which accounts retained (in %)	Retention rate (in volume)	Top 5 media pitches & moves Q1-Q3 2019 (by descending level of spend)
		Global / multi-country	Local				
1 USA	7 288	1 226 17%	4 062 83%	118 (-\$3M)	1 210 10	17%	P&G, Allergan, Novartis/Alcon, 20 <sup>th</sup> Century Fox, Disney
2 China	1 606	134 8%	1 472 92%	63 (-\$3M)	630 16	39%	Haier, Yili, F&N Yohkohsen, M&S (P&G), Shanghai
3 India	941	68 7%	873 93%	185 (-\$1M)	123 6	13%	B.P. State Elec., Oppo Electronics, Narica, Emart Group, Ministry of Tourism
4 UK	883	357 40%	526 60%	67 (-\$1M)	258 7	41%	L'Oréal, Vodafone, eBay, Direct Line Ins., Centrica
5 Russia	745	70 9%	675 91%	101 (-\$1M)	254 29	34%	Beeline/Tyumencom, Nestlé, L'Oréal, Johnson & Johnson, Ferrero
6 Germany	726	220 30%	506 70%	83 (-\$1M)	300 14	14%	Edeka/Netto, Vodafone, Deutsche Bahn, Linat, Ratiopharm/Tevo
7 Spain	519	94 18%	425 82%	112 (-\$1M)	172 31	33%	Coca-Cola, Nestlé, BB, Vodafone, L'Oréal
8 Italy	505	175 35%	330 65%	69 (-\$1M)	187 12	37%	Vodafone, Wind 3, Nestlé, L&L, Enel
9 France	459	60 13%	399 87%	98 (-\$1M)	178 20	39%	Albia/SFS, Crédit Agricole, Système U, H&M, Trigulphor
10 Australia	412	69 17%	343 83%	105 (-\$1M)	176 19	43%	Optus/Virgin, North Territory Govt, The Good Guys, L'Oréal, Central Corp.
11 Canada	306	50 17%	256 83%	63 (-\$1M)	66 7	22%	P&G, Canada Govt, WEA, Nestlé, BB
12 Middle East	306	157 51%	149 49%	69 (-\$1M)	52 11	17%	Zain, LYNN, Saudi Tourism, Vodafone, Sabal Properties
13 Mexico	250	104 42%	146 58%	25 (-\$1M)	13 2	5%	Walmart, Nestlé, Grupo Gapp, Distribuidora Alan, Chedraui
14 Thailand	202	15 7%	187 93%	80 (-\$1M)	37 12	18%	Nestlé, BB, Suntory, Beer Brand Brewery, A&M Heart Co.
15 Poland	181	29 16%	152 84%	41 (-\$1M)	72 8	40%	USP Zablotka, Rossmann, Stork, Agata Katalowicz, P&G Orlen
16 Sweden	164	62 38%	102 62%	35 (-\$1M)	27 4	16%	Car H&M, Falckert, Telcel, Spinnings, Stadlum / L'Oréal / Burger King
17 Netherlands	152	45 30%	107 70%	28 (-\$1M)	29 6	19%	Dyco, T-Mobile, A.S. Watson Europe, Unifield, Action
18 Portugal	124	57 46%	67 54%	24 (-\$1M)	18 5	15%	Vodafone, L'Oréal, Coca-Cola, Nestlé, Orbach Therakab
19 Indonesia	104	11 11%	93 89%	28 (-\$1M)	5 2	5%	GoJang Garasi, Bukalapak, Telkom, Dlings, Pertamina
20 South Africa	92	41 45%	51 55%	18 (-\$1M)	23 5	38%	Vodafone, Yuni Branch, Doodl, Chevron, MY22
21 Denmark	84	46 55%	38 45%	29 (-\$1M)	51 13	61%	Telcel Group, Kirk, H&M Christensen, L'Oréal, Trivago
TOTAL	17 169	3 494 20%	13 675 80%	1 917	4 063 323	24%	



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**GLOBAL NEW BUSINESS RANKINGS** based on total **NEW BUSINESS VALUES** incl. retention:



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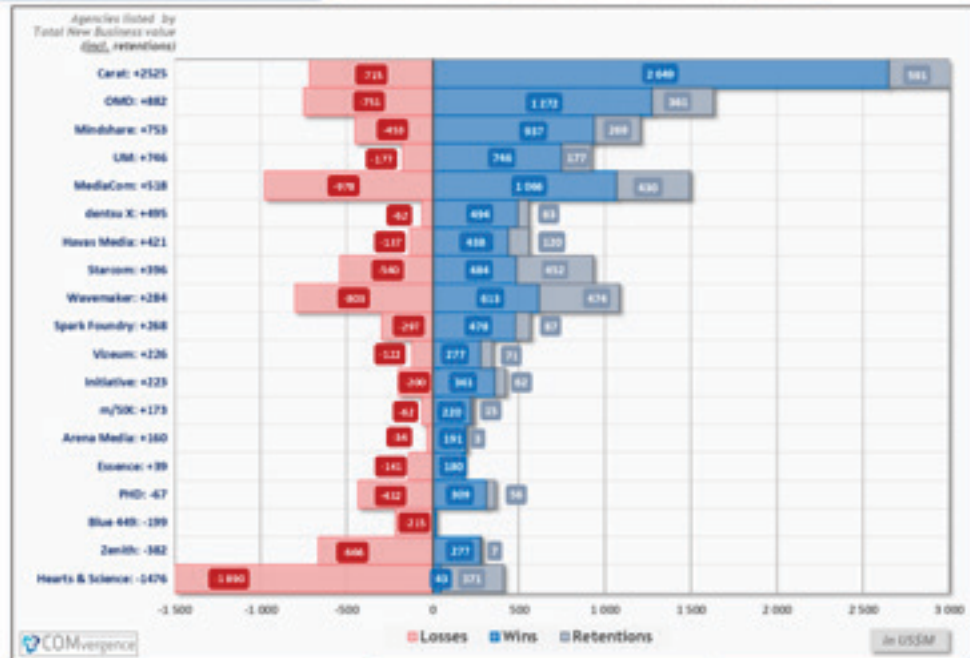


# GLOBAL NEW BUSINESS RANKING MEDIA AGENCY NETWORKS

PART 1 - EXECUTIVE SUMMARY & RANKINGS

BASED ON TOTAL  
**NEW BUSINESS VALUES**

NEW CLIENT WINS +  
RETENTIONS - LOSSES



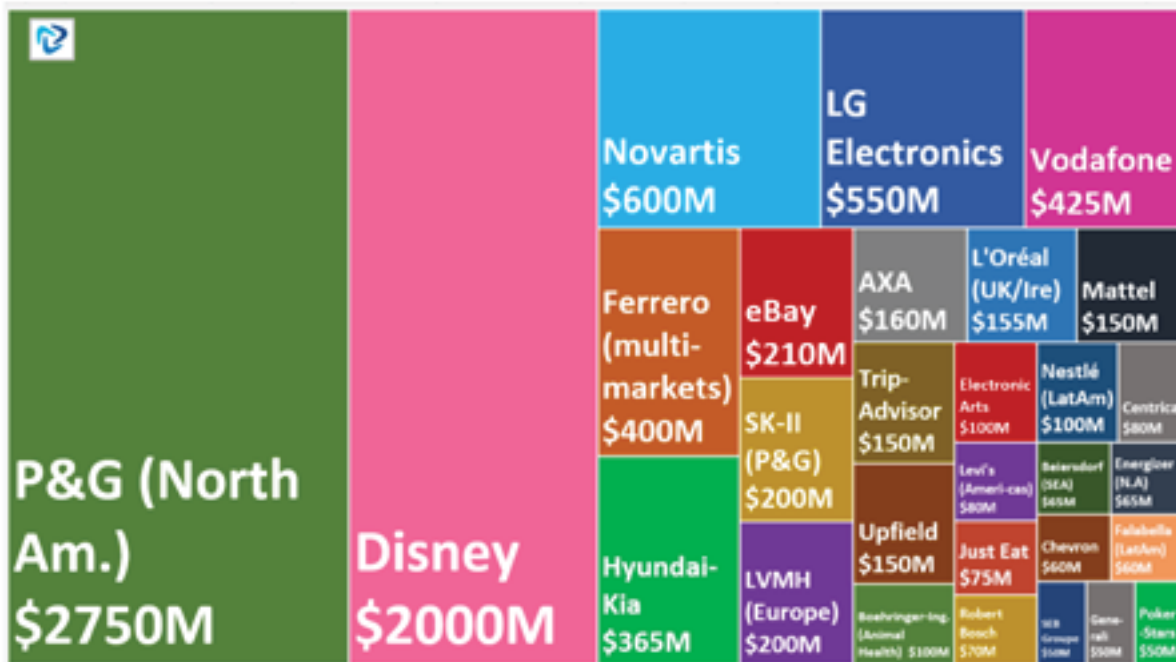
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# MAJOR CONCLUDED REGIONAL & GLOBAL MEDIA PITCHES 2019 (\$10B)

SPOTLIGHT ON THE MAJOR GLOBAL & REGIONAL MEDIA PITCHES



\* Budgets are sourced from COMvergence's estimated NET 2018/2019 adspend across 45 key markets



October 2019

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- **Coca-Cola** kicked off a review for a new global brand campaign involving sustainability. There is no incumbent, since the work is new. The review is being handled internally.
- The **Walt Disney Co.** selected Publicis Media and Omnicom Media Group as part of a global review. Omnicom will service the account through a bespoke unit called OMG23. Publicis Media won the entire global buying and planning business, including North America for Disney theme parks and Disney+. Omnicom retained the planning and buying duties in the US for Disney Studios and Canada. WPP retains the India business, but Dentsu exits the relationship.
- **BMW** selected IPG shop Hill Holliday as its new creative AOR, following a review, to handle its US motorcycle business and Motorrad creative, social, and digital work, replacing incumbent M&C Saatchi.
- Luxury auto brand **Porsche** kicked off a review of its creative account in the US, due to a mandatory procurement review that happens every five years. The brand recently hired Anomaly and Proximity as global digital agencies alongside United Digital Group. Incumbent agency Cramer-Krasselt will defend.
- Branded lubricants maker **Valvoline Inc.** hired IPG Mediabrands agency Initiative as its media AOR to handle its brands Valvoline and Valvoline Instant Oil Change. The agency will collaborate with creative agency Big Communications.
- **Avis Budget Group** selected MullenLowe and DiMassimo Goldstein to handle creative duties for two brands within the brand's portfolio.
- Shoe giant **Reebok** selected independent agency Nobox as its social media agency in Latin American markets, following a review. The agency will handle strategy, content creation, influencer strategy and management, social e-commerce, and analytics.
- Massage and skin care chain **Massage Envy** selected Chemistry as its lead digital AOR to overhaul its digital architecture and improve its online and in-store digital presence.
- Travel platform **TripAdvisor** selected Mother to handle creative duties globally, following an extensive review. The brand recently consolidated its media activities with Havas Media Group.
- **Johnson & Johnson Consumer Health** selected MDC Partners' Doner to handle its US Self Care business, including Tylenol, Listerine, and Zyrtec creative accounts, replacing incumbent WPP's Wunderman Thompson (which has been handling accounts like Listerine for 57+ years). WPP closed the bespoke unit servicing this business, The Neighborhood.
- **Key Bank** hired Publicis Groupe's Epsilon and Fallon Worldwide as its AOR following a review, replacing incumbent The Richards Group. The agencies will handle brand strategy and creative, media strategy, buying, and planning, creative strategy, and production, as well as CRM, direct mail, direct response, and email marketing.
- **Groupon** kicked off a creative review. Incumbent agency O'Keefe Reinhard & Paul (OKRP), the creative AOR since 2016 is not defending. The new agency will collaborate with TWO NIL, an LA-based media-marketing agency, handling planning and buying duties.
- Asian restaurant chain **P.F. Chang's** hired The Richards Group as its new creative AOR. The brand previously handled creative, branding, and digital work in-house.
- **InterContinental Hotels Group** added Atlanta-based marketing agency Hothouse to its existing roster following an RFP. The agency will handle content development, production, internal communications development, and campaign execution.
- **Biofreeze** hired Droga5 as media and creative AOR, replacing incumbent agency The Many.
- France-based maker of small appliances **Group SEB** (Krupps All-Clad Cookware, Moulinex, Rowenta, Tefal, etc.) selected Dentsu Aegis Network's Vizeum as its global media AOR. The agency will handle digital and offline media, consumer experience, CRM, and e-retail across multiple international markets.
- Credit card issuer **Credit One Bank** selected independent Richards Group as its brand advertising AOR in the US. The agency will handle creative advertising strategy as well as media planning and buying.
- **Accenture** ended its relationship with TBWA\Chiat\Day New York in a move to handle creative in-house, with Droga5 as its lead agency, following the brand's acquisition of Droga5.
- **Little Caesars** kicked off a review for a new creative AOR, following the closure of its existing agency, Barton F. Graf. The new agency will collaborate with Horizon Media, the brand's media AOR.
- Vitamin brand **Nature's Bounty** selected MDC Partners' shop Doner as its US creative and strategy AOR without a review only nine months after handing the business to VMLY&R.
- Weather forecaster **AccuWeather** selected IPG digital agency Huge to handle the brand's digital initiatives—including digital product development, design exploration, user testing, feature development, user engagement, and ongoing user research, following a review.

## Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
Accenture	TBWA\Chiat\Day New York	Creative	Global	In-House	N
AccuWeather		Digital	Global	Huge	Y
Avis Budget Group		Creative	Global	MullenLowe, DiMassimo	N
Biofreeze	The Many	Media, Creative	Global	Droga5	N
BMW	MC Saatchi	Creative	U.S.	Hill Holiday	Y
Coca-Cola		Brand	Global		Y
Credit One Bank		Brand, Advertising	U.S.	The Richards Group	N
Group SEB		Media	Global	Vizeum	N
Groupon	OKRP	Creative	Global		Y
InterContinental Hotels Group		Creative	Global	Hothouse	Y
Johnson & Johnson Consumer Health	Wunderman Thompson		U.S.	Doner	N
Key Bank	The Richards Group	Brand, Creative, Media	Global	Epsilon, Fallon Worldwide	Y
Little Caesars	Barton F. Graf	Creative	Global		Y
Massage Envy		Digital	Global	Chemistry	N
Nature's Bounty	VMLY&R	Creative, Strategy	U.S.	Doner	N
P.F. Chang's	In-House	Creative	Global	The Richards Group	N
Porsche	Cramer-Krasselt	Creative	U.S.		Y
Reebok		Strategy	Latin America	Nobox	Y
TripAdvisor		Creative	Global	Mother	Y
Valvoline		Media	Global	Initiative	N
Walt Disney Co.		Planning and Buying	Global	Publicis Media	Y
Walt Disney Co.		Planning and Buying	U.S.	OMG23 (Omnicom)	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.*

11/11

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