

Industry Update

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

Volume 30

Executive Summary—Monthly Recap

Did you know that the 2018 FIFA World Cup is one of the largest global advertising events in the industry? That's right. Per Kantar Media, 3.2 billion people worldwide watched the 2014 World Cup. This year's event, held in Russia, has prompted much interest from top brand advertisers despite the US national team not being selected, a disappointment which negatively impacts how many people watch the sports event in the US. Despite these odds, Fox's and Telemundo's ad sales have been strong, and some of us got to enjoy great work from big advertisers like Anheuser-Busch InBev, Geico, Coca-Cola, McDonald's, and Adidas, to name a few. Fox and Telemundo were highly motivated. They purchased the rights to the 2018 Russia World Cup and 2022 Qatar World Cup for more than \$1 billion. The other big event in advertising was the Cannes Lions, held against the backdrop of the Cote D'Azur. As in prior years, we get to celebrate the best of advertising around the world in key categories ranging from communication, craft, entertainment, experience, health, impact, reach, good and innovation. This year, Google CMO Lorraine Twohill won the 2018 Cannes Lions Marketer of the Year, the second female executive to accept the award in its 25-year history.



The Agency of the Year went to adam&eveDDB, London.

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

Making roster agencies collaborate better to produce “end-to-end” deliverables is a top priority for most brands, including packaged good giants P&G and Unilever, both experimenting with new models, pooling talent from within the same parent company (Unilever) or bringing rivals from competing networks together (P&G). In the agency talent space, Interpublic Group (IPG)'s deal to buy most of Acxiom for \$2.3 billion is a game changer and as significant as Publicis buying Sapient in 2014. This transaction will make IPG as large as Publicis Groupe. The acquisition shows the growing importance of data-driven approaches to marketing, combined with personalized brand experiences across all consumer touchpoints. The 2,100-person data analytics unit will operate under IPG.

- A study by **WFA and The Observatory International** found that nearly 75% of major multinationals are reviewing their current agency arrangements, looking at whether they have the right mix of agencies and capabilities on their rosters. Based on a scale of 1 to 10, clients gave an average effectiveness rating for their agency roster of just 5.7. Nearly 60% are looking to reduce the number of agencies on their rosters over time, and over half plan to add specialist shops.
- **Agency consolidations** are trendy among holding companies right now, i.e., media agencies MEC and Maxus merged into Wavemaker, five branding and design firms merged into a new entity called Superunion, PR shops Burson-Marsteller and Cohn & Wolfe merged as well, while Neo was folded into Mindshare.
- Telecommunications company **AT&T's \$85 billion** acquisition of Time Warner has been approved. Will the acquisition shake up the advertising industry? AT&T is strong of 159 million wireless and 40 million pay-tv subscribers, and now owns content from TNT, TBS, CNN and HBO.
- Ogilvy continued its reorganization by consolidating its sub brands—Ogilvy & Mather, Ogilvy Public Relations, and OgilvyOne—into a single entity called **The Ogilvy Group** with a common identity, client service model, and P&L. The new entity represents twelve crafts (creative, strategy, data, etc.) and six core capabilities (brand strategy, advertising, customer engagement and commerce, PR and influence, digital transformation, and partnerships).
- OgilvyRED strategy division was rebranded **Ogilvy Consulting** to better compete with consulting firms such as Accenture, Deloitte, and PwC, now aggressively pursuing marketing budgets.

- Talent diversity is a priority for many agencies. **The Ogilvy Group** communicated its goal to have 50% of the agency's top leadership roles filled by women over the next two years, up from the current 36%.
- Omnicom consolidated its numerous experiential marketing agencies (Auditoire, Doit!, GMR Marketing, Luxury Makers, and Tro) under a new umbrella unit called the **Omnicom Experiential Group** with now 1,600 staffers across 16 countries. Their goal is to make it easier to assemble customized teams for global clients.
- **WPP's AKQA** acquired a majority stake in Universal Design Studio and industrial design consultancy Map Project Office to improve its capabilities in the space design (Universal) and product design (Map Project) areas. A dedicated Research Lab is to be established in London to boost collaboration.
- **IBM iX and Mediaocean** teamed up on a blockchain-enabled digital media supply network to bring greater simplicity to the digital media supply chain, with launch partners including Unilever, Kellogg's, IBM Watson Advertising and Kimberly-Clark.
- New advertising-holding company **Plan A** is bringing boutique agencies with almost \$70 million in billings (and specialties ranging from advertising, branded content, event marketing, and social media) together. Boutique firms include Untitled Worldwide, Van's General Store, Twin Studio, and Beekman Social.
- OMD shut down the Omnicom Media Group-owned agency's **Ignition Factory**, which ran for a decade and allowed testing of new specialized units like OMD Social, Airwave, and Zero Code as the agency built new competencies in emerging categories at the time (mobile, social, gaming).
- Over 50% of the holding company operations at **Havas Group** are now grouped collectively in hubs around the world, which contributed to landing up to 20 new clients. The concept is based on "Village" hubs in key markets, where all or most of the group's agencies and specialist firms are housed in a single campus, allowing greater collaboration among Havas units and better client service. All CRM teams are grouped together under their expanded Helia network.
- **Google** rebranded its suite of advertising tools, retiring its DoubleClick brand, integrating it with Google Analytics 360 to form the new Google Marketing platform. Google AdWords is now Google Ads, and DoubleClick for Publishers and DoubleClick Ad Exchange are now part of Google Ad Manager.
- Per **COMvergence**, nearly a third of account reviews in the past two years were consolidated at agencies in the same holding company. WPP and Interpublic were the two greatest beneficiaries, followed by Publicis and Omnicom.
- **Consultancies** like Accenture Interactive, PwC, and Deloitte Digital are helping marketers build in-house agency capabilities, especially in media, programmatic, insight, creative content, etc. Accenture Interactive works with brands like Radisson Hotel Group and HP to develop in-house marketing expertise.

Noteworthy quotes:

- » "We need fewer project managers and more brand entrepreneurs."—Marc Pritchard, Chief Brand Officer, **P&G**
- » "We need to be more client-centric, and more focused on our clients. And more focused on them than on us. When I talk to clients, they want to have simpler access to all of WPP."—Mark Read, Global CEO, **Wunderman**
- » "McCann is our agency of record, and we have a great relationship with them. As the in-house agency, we decide when we need to turn to another external agency for a particular expertise. It's not up to the individual client."—Jessica Cipolla-Tario, SVP of Advertising and Content, **MGM Resorts International**
- » "The media piece is such a highly specialized approach, you need experts. You need to work with the best media agency, but if you don't have the best [internal] agency people, how do you know you have the best media agency? Just because someone turns up with dark glasses and a bit of stubble doesn't mean they're a media expert."—Keith Weed, CMO, **Unilever**
- » "Whatever roster arrangements brands develop, they should ensure that they can deliver on their promises to their agency partners. Without that, no roster model will be able to work effectively."—Stephan Loerke, CEO, **WFA**
- » "My number one responsibility is ensuring that I am able to build a [talent] ecosystem internally and externally that delivers against those needs, against the insights needs, the media immediate needs, the communications needs, the product marketing needs, and so on and so forth. So, I spend a lot of time focused on hiring, retaining, and developing talent. I spend a lot of time thinking through the capabilities that we want [to develop] alone relative to the capabilities that we're going to partner. Or the capabilities that we want to buy in order to deliver against this wider scope of the marketing function."—Antonio Lucio, Chief Marketing Officer, **HP**
- » "The message is: So, we're here to optimize for the brands. We're helping brands own capability sets like in-housing. We're helping the ecosystem at large."—Todd Paris, Managing Director, **Deloitte Digital**
- » "What I'd like to see is much greater integration of the creative agencies, and this is what we're testing right now. So the agency becomes the integrator, then we don't fragment our brands and we have a more holistic approach."—Keith Weed, CMO, **Unilever**
- » "We need to invest in an agency as much as we want to get out of an agency. We need to spend the time with them and get to know them and really do the due diligence. It's no secret, I understand, the amount of agencies Pizza Hut has had through the revolving door. And we have to question, at some point, is the process right selecting those agencies?"—Marianne Radley, Chief Brand Officer, **Pizza Hut**

WORK: producing great work and outcomes

Soccer-themed ads received much of our attention in the past month, following a remarkable Cannes Lions International Festival of Creativity awards, an event started back in 1954. The quality and performance of the work is a direct result of the agency model in place to support marketing. Per the WFA and The Observatory International, the current dominant **model of agency management** is “multiple agencies managed individually by marketing” (81%), followed by “integrated lead agency” (44%), and “network agency with specialists from same holding company” (39%). Collaboration is key where multiple agencies are involved.

- A popular soccer-themed spot for **Geico**, created by The Martin Agency, shows a player celebrating a winning goal like all good strikers, sliding along the grass on his knees afterwards, but without stopping, for the entire duration of the ad, slithering all over the field.
- 72andSunny’s soccer World Cup campaign for **Adidas** features collaborative content from 56 creative stars including Pharrell Williams. 60-, 30-, and six-second cuts of the work will be distributed across digital/traditional platforms globally.
- The world’s biggest advertiser **P&G** set a goal of having women direct at least half its product commercials by 2023, up from about one in 10 today. They signed the “Free The Bid” pledge, requiring at least one woman director to be included among the final candidates to produce commercials.
- Agencies are investing in **collaboration and AI software**. Ogilvy launched a software platform called Connect to help employees across the network collaborate. Publicis Groupe launched Marcel, an AI software and collaboration tool developed in partnership with Microsoft.
- An amazing feat of audio engineering using AI audio speech technology, “**JFK Unsilenced**” won the Creative Data Grand Prix at Cannes Lions, leveraging the data from 831 old Presidential speeches, and editing together nearly 250,000 individual segments of three milliseconds in duration each to create a new speech.
- A four-minute film directed by Spike Jonze called “**Welcome Home**” got Apple and its agency, TBWA\Media Arts Lab Los Angeles 12 awards at the 2018 Cannes Lions. Within 24 hours, the film, which shows the immersive listening experience HomePod can deliver in any home, skyrocketed to #1 Trending on YouTube organically, where it trended for 14 days to become the most watched piece of branded entertainment of March 2018 in that platform.
- In the North Pacific, there is so much plastic that an area of trash the size of France has formed. By turning the country-sized trash patch into an official country, the problem would be more visible. Strong of over 50 million video views, over 220,000 people signed the change.org petition and became citizens (the newly formed country has passports and currency, and is recognized by the United Nations), The **Trash Isles** campaign created by AMV BBDO London reached half a billion people and received a Cannes Lions Grand Prix award among a total of 16 awards.

- **Macy’s** expanded its Style Crew program from 20 to more than 300 employees who share promotional video posts on their personal social media feeds. The brand is recruiting its own store employees and personal stylists as brand ambassadors, rather than enlisting the latest hotshot bloggers.
- **Arby’s** made the Guinness World Records for having the world’s smallest ad, one etched onto a bun’s sesame seed. The ad, created by Arby’s agency Moxie and the Georgia Tech Institute for Electronics and Nanotechnology measures 38.3um x 19.2um, or 735.36 square micron.
- **Kia** invited students of art and design to encourage them to design a creative ad for the Stinger, showcasing its unique place in the automotive industry. Winners walk away with \$10,000 towards tuition and \$5,000 toward the school’s art/design program, among other benefits.

Noteworthy quotes:

- » “In my experience, the agencies haven’t moved fast enough. Agencies shouldn’t be enabling companies like ours to [build their own data centers], they should be ahead of us and they should offer us that service themselves.”—Keith Weed, CMO, **Unilever**
- » “Location plays a big role in it. I think we need to be much more flexible about co-locating teams and much more flexible about locating teams on clients. If clients are in-housing resources, I think what clients find the most attractive about that is the physical proximity. So why aren’t we doing that?”—Mark Read, Global CEO, **Wunderman**
- » “McCann works with us on an annual scope of work. We’re involved, but each client works with them directly and says, ‘These are the things I’d like McCann to work on.’ And then we share our go-to-market calendar with McCann so they know what we’re working on, so we’re coordinating our work for the client.”—Jessica Cipolla-Tario, SVP of Advertising and Content, **MGM Resorts International**
- » “Since we are at the epicenter of creativity, we will obviously be focusing on what we need to be doing to raise the bar on creativity, especially in today’s world.”—Marc Pritchard, Chief Brand Officer, **P&G**
- » “We spend a lot of time up front trying to define what it is that they [advertisers] want to achieve in this process; not just getting the right agency, but getting the right agency to set them up for the future. That is often about much more than how cheaply can you buy media? In fact, it should always be about more than that.”—David Angell, General Manager and Head of Media, **TrinityP3**

Keeping up with the fast-paced advertising production community

By Terence Sullivan, Senior Digital Subject Matter Expert, Advertising Production Resources (APR)

APR, the world's largest production optimization consultancy, focuses on hot topics and insights in the fast-paced advertising production community.

Influencer Marketing Best Practices

“The [influencer] market—estimated to be worth \$2 billion in 2017 and set to reach \$10 billion by 2020—will continue to see more growth in the industry and become an efficient marketplace.”
—ADWEEK

As brands continue to increase production and marketing budget allocations toward influencer marketing, the production and management challenges of influencer marketing campaigns also increase. This growing complexity requires a strategic approach to optimizing influencer marketing production.

The most successful marketers in the influencer arena share a common set of influencer production best practices.



1. Establish Internal Infrastructure:

- **Key Personnel:** Align internal staff and marketers with a clearly defined RACI for managing influencer efforts across global and regional markets.
- **Mixed Marketing Content Planning:** Create known asset needs and editorial calendars to structure and identify areas requiring influencer production.
- **Clearly defined budgets and KPIs:** Establish production budget guidelines and parameters for each content type.

2. Develop Production Strategy

- **Production Model approach:** Clearly establish the external partners and resources that will manage your production swim lanes. Select partners or resources that have experience and ability to source influencers most efficiently.
- **Production Partner Selection:** Select production vendors with experience working with influencer talent. If casting influencers in traditional broadcast content, make sure your agency and director have experience working with influencers collaboratively on scripted content.

3. Standardize Guidelines & Documents:

- **Influencer Selection and Evaluation Guidelines:** Create standard guidelines that clearly articulate the information that each partner should provide you with in order to make an informed decision on influencer recommendation approvals.
- **Influencer Brand and Project Brief:** Create a standard creative brief for all influencers that covers your brand values and key messaging with sections that can be versioned for each project.
- **Standardize Contracts & Usage:** Prior to production, create a standard contract that covers where content will be distributed on both owned and paid channels, the length of distribution, and any specs required by your brand.
- **Appoint a lead to approve and manage all production contracts and manage usage renewals.**

FINANCIALS: driving efficient use of resources

Amazon continues to rock the world of advertising, and now pharma? \$11 billion in stock value was lost for Walgreens, Rite Aid, and CVS when Amazon revealed it was acquiring PillPack, an online pharmacy with a nationwide reach. But the impact of Amazon on advertising—as a provider (watch out Facebook and Google) and a brand advertiser—is undeniable. Most media companies adjusted their global advertising growth projections. Although the actual numbers differ, everyone seems to agree that we are seeing more growth there than originally anticipated.

- **Amazon** ranked as the nation's fourth-largest advertiser in 2017, up from Number 8 in 2016 and Number 70 in 2010. Last year Amazon spent an estimated \$3.4 billion on US advertising and promotions, up 28%.
- Per Nielsen, 82% of CMOs intend to invest more in **digital advertising** over the next year. Only 30% will spend more on traditional ads. 79% claim social is their top digital advertising choice, and 69% consider it the most effective. 79% expect to increase their investment in marketing analytics and attribution in the next 12 months.
- **SenseTime** is a leading AI company in China and just raised \$620 million, bringing its total funding to more than \$1.6 billion and its valuation to more than \$4 billion.
- **Dentsu Aegis Network** upgraded its 2018 ad-spending forecast to 3.9% (previously set at 3.6%), mostly due to the FIFA World Cup. Total global expenditure is expected to reach \$613.5 billion. In the US, spending will grow 3.4% to reach \$217.3 billion, thanks to the Winter Olympics.
- IPG-owned **Magna Global** revised its global ad market growth projection from 5.2% to 6.4%, which translates to \$551 billion in global ad spend. In Q1, Google and Facebook's collective ad revenue increased an eye-popping 31% globally—reaching \$26.6 billion and \$11.8 billion, respectively. Magna predicts overall digital ad spend will hit \$250 billion this year—accounting for 45% of global ad revenue—with mobile on track to make up 62% of the total.
- Publicis Groupe-owned **Zenith** expects global advertising expenditure to grow 4.5% this year. Per Zenith, advertising in mobile channels will account for 30.5% of global advertising expenditure in 2020, up from 19.2% in 2017. Zenith expects mobile expenditures to overtake TV in 2021.
- WPP-owned **GroupM** predicted total global growth of 4.5% this year and 3.9% next year, mostly driven by digital. Global digital advertising spend reached \$198 billion in 2017 and is estimated to hit \$221 billion in 2018 and \$243 billion in 2019. Digital ad investment will grow 12% in 2018 and 10% in 2019, for a total share of 39%.

- **Instagram** has one billion monthly active users. Over 400 million people use Instagram Stories each day, up from 250 million one year ago, making the feature more than twice as popular as Snapchat, which saw 191 million active users in the last quarter. Instagram continues adding features, such as the ability to add GIFs and mention friends in posts. Per Bloomberg Intelligence, if Instagram were its own company, it would be worth over \$100 billion. Facebook bought the app for \$1 billion in 2012.

Noteworthy quotes:

- » “The euphoria of winning a big account is usually followed by days of buzz with both incumbent and winning agencies reading the trade press and listening to the rumor mills. However, seldom does a client include the transition approach as a key consideration in winning the business. This path can be ill-fated because the quality of the transition often dictates the nature of the relationship for years to come.”—Peter Acimovic, Chief Financial Officer, Global Information Technology & Analytics, **GroupM**
- » “When you get them together in a room, different agencies, you have people with different P&Ls. They hold it together in the room but as they're walking down the corridor outside you see it all falling apart.”
—Keith Weed, CMO, **Unilever**
- » “Procurement has focused on marketing cost-reduction because cost-reduction provided a limitless well of opportunity. Agencies accepted annual fee-cuts without finally saying ‘No!’—even though the consequences have been devastating for them. Their passive acceptance of fee cuts has only encouraged procurement to cut further; and the absence of agency push-back has sent an erroneous signal that there is still “fat” in the system.”—Michael Farmer, Chairman of **TrinityP3 USA**
- » “It's hard to value a billion-dollar idea, and I don't know whether the industry will ever get that right. If we come up with a campaign that gives rise to a billion-dollar brand, should we get paid on an FTE model with value-add? When it's successful, we'll argue we want that value-add. When it's not, we'll argue we should get paid on FTE. But our margins should be higher. And the only way to get there is to do performance-based pricing.”
—Michael Roth, CEO, **Interpublic Group**

PERFORMANCE: driving stronger performance and value from the partnership

There is nothing like the Cannes Lions to celebrate high impact work across numerous Lions categories and from around the world. It's an opportunity to see the brilliance of the work produced by the best agencies and the world's largest brands. At the 65th annual Cannes Lions International Festival of Creativity, BBDO won Network of the Year followed by DDB & TBWA in the top five. BBDO claimed the title of Network of the Year for a record-setting seventh time, winning 99 Lions across 21 offices, including four Grand Prix and a Titanium Lion. DDB rounded out the top three agency networks winning 107 Lions across 21 offices while 21 TBWA offices contributed to the network, securing fourth place with 70 Lions including two Grand Prix. adam&eveDDB was named Agency of the Year, followed by AMV BBDO (#2) and BBDO New York (#3). Omnicom won more Grand Prix Awards than any other Holding Company based on the work entered in 26 categories.

- **Most awarded Cannes Lions agencies since 2001** are BBDO (11,824 campaigns), DDB (9,968), Leo Burnett (7,112), Young & Rubicam (6,774), TBWA (6,762), JWT (6,583), followed by Saatchi & Saatchi, McCann, Publicis, Grey, Ogilvy & Mather, Dentsu, FCB, and others. **Most awarded brands since 2001** are Unilever (2,456 campaigns), Volkswagen (2,446), P&G (2,286), Coca-Cola (1,761) followed by Nike, Sony, Toyota, McDonald's, Samsung, BMW, Nestle, Ford, etc.
- After **Publicis Groupe** announced a "year pause" with limited attendance and work submissions at the 2018 Cannes Lions Festival, the agency won two Grand Prix and one Titanium Lion from its 399 nominations, a significant number for a Groupe that had previously declined to submit to any of them. Apparently, clients and partners decided to support their relationship with Publicis Groupe by funding the entries.
- McCann New York's "**Fearless Girl**" for State Street Global Advisors won the Grand Effie.
- **Independent agencies** were well received at Cannes: Jung von Matt Hamburg was this year's top independent shop—earning the honor for the second time since 2010. Droga5 NY placed second while Wieden+Kennedy London ranked third.
- **Will your company still be around?** 90% of Fortune 500 companies have disappeared since 1955. Per the Olin Business School at Washington University, 40% of today's Fortune 500 companies will no longer exist in 10 years.
- WPP and its agency **GroupM's MediaCom** took the number one spot for media networks of year, with work for Tesco in the UK winning the Grand Prix for "Excellence in Media Planning" for a campaign called "Food Love Stories."
- Per the **World Federation of Advertisers**, here are 8 "principles for partnership" in a Global Media Charter:
 1. Zero tolerance for ad fraud, with compensation for breaches;
 2. Strict brand safety protection;
 3. Minimum viewability thresholds;
 4. Transparency throughout the supply chain;
 5. Third-party verification and measurement;
 6. Addressing walled-garden issues;
 7. Improving standards with data transparency;
 8. Improving the user experience.
- A partnership between **Google** and **Salesforce** allows brands to activate data from Google's Analytics 360 through Salesforce Marketing Cloud, across email/ads/mobile/social, capturing all the touch points through a single user interface.
- **CMO Growth Council**, which includes 25 CMOs (Unilever, AT&T, JP Morgan Chase, Accenture, American Express, Burger King, IBM, HP, Johnson & Johnson, Deloitte Digital, Diageo, BT, Verizon, AB InBev, Lego, Samsung, Target, Mars, eBay, Shell, Cadillac, Cisco, Mastercard) was created to expand the contribution of the ANA's CMO Masters Circle. They previously created a 12-point guide to areas that CMOs should be focusing on such as brand purpose, gender equality, and transparency.
- Per the WFA and The Observatory International, **top issues between clients and agencies** include collaboration hindered by internal structures (51%), poor quality briefings (49%), approvals and sign-off processes (40%), lack of trained client personnel (40%), as well as lack of a clear data strategy (52%).
- Per Advertising Research Foundation, less might be more: **six-second ads** generate 8% more attention than 30-second ad units and 11% more attention than 15-second ones. Six-second units are relatively new and only represent a small percentage of the ad units aired.
- Per the ANA and Forrester Research, "The Digital Transformation of Video Advertising Arrives" report shows that **television advertising** will be data-driven with addressable TV (targeting) and advanced TV capabilities (index-based or audience-based buying).
- **Crooked influencers** are growing, and advertisers are aware. Per Points North Group, Pampers, Magnum Ice Cream and Olay were among the Top 10 wasters, with campaigns that had fake follower rates of 32%, 20%, and 19%, respectively.
- Per Forrester, **Adobe** received the highest score possible in 20 criteria, including action and usability in its recent "The Forrester Wave™: Customer Analytics Solutions, Q2 2018" report, making the tech company a clear leader in customer analytics.

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Noteworthy quotes:

- » “For me, data is a forest when I want a house: It’s great to have all that wood, but if I didn’t have someone who can do something with it, it’s irrelevant.”—Andrew Swinand, CEO, **Leo Burnett, North America**
- » “Influencer marketing has become a “big thing” for its brands, but it has discovered that many influencers are “gaming the system” with fake followers and bots... Me paying money for bots is not risk, it’s actually stupid. Bots don’t eat a lot of Hellman’s mayonnaise.”—Keith Weed, CMO, **Unilever**
- » “Helping a client in-house marketing capabilities isn’t just about putting teams under one roof. In-housing is a strategic business decision that can ultimately impact a company’s bottom line. We are able to help clients decide if in-housing is the right decision for them, identify the right technologies and talent, and undergo significant organizational restructuring to ensure in-housing efforts are successful and sustainable.”—Alicia Hatch, CMO, **Deloitte Digital**
- » “Brand Growth Modeling is not a black box. The causes and effects can be quantified, explained, tested and optimized. On the platform and through the connected metrics, Marketing and Finance can share both vocabulary and accountability for the business outcomes.”—Stewart Pearson, Partner, **Optimal Net Effect**
- » “With the macro marketplace demands of growth, efficiency and speed, it makes sense that brand marketers are looking for partners that are specifically set up around the way their business works.”—Wendy Clark, global CEO, **DDB Worldwide**

Agency Mania: don’t panic, it’s a good thing! - Patricia Berns, Strategic Agency Consultant at Agency Mania Solutions

Beyond the Box Scores

It’s baseball season and all eyes are on last year’s winner of the 2017 World Series, the Houston Astros. And it was certainly not an easy win for this team. This was the first time in their 56-year history they were the champion in any Major League Baseball event. In fact, just four years before, they lost 111 out of 162 season games. So how did they turn around a team known for its poor performance to become a World Series winner? The answer? They achieved success, to a large extent, through rigorous use of advanced data-driven analytics. Baseball is the oldest professional sport in the US. When the book “Moneyball: The Art of Winning an Unfair Game” came out in 2003, both the Houston Astros and the Los Angeles Dodgers started taking data-based decision-making more seriously. The result: these two teams made it to the World Series; the Astros beat the Dodgers in the 7th game of the 2017 World Series. Moving from traditional player scouting, teams now have a very sophisticated understanding of individual player value thanks to the analytic tools that help them make smarter on-the-field calls around lineups, relief pitching, and field position. Today, teams use high-resolution cameras to capture vast collections of data points during a game, e.g., a players’ base-to-base running speed, pitching velocity, exit velocity of home runs, pinpointing where every batted ball lands, etc. The game looks decidedly different in 2018 than it did just a few years ago.

Agencies Step Up to Bat

Agencies, like R/GA, who works with the Dodgers, help the team develop advanced data strategy and analytics that now come to life before, during, and after each game. Every team in the league is now using data strategy and analytics to some degree, but the Astros, along with the Dodgers, the Red Sox, the Yankees, and the Chicago Cubs, are diving deeper than other clubs. And it’s working, as evidenced in last year’s results. Agencies build data analytics platforms that support the team’s key real-time decision-making. For example, coaches now make real-time defensive shifts that match where data says a batter usually hits the ball. Gone are the days of judging pitchers on past ERA and batters on batting average. All of this explains why teams have large and growing staffs of data analysts that work closely with their agency counterparts.

Can Artificial Intelligence feed this year’s World Series win?

Big data combined with artificial intelligence will be the next technology wave in baseball. There’s radar and video in baseball stadiums now. Thanks to the volume and type of data currently being collected, strategically-focused AI can, and will, influence real-time, on-field decision-making. Coaches now know what every player on the field is doing at any given moment, where the bat and ball are, information that wasn’t historically possible to grasp instantly. Data and analytics like this did not seem possible before, but can now lead to the development of AI models that give teams a real-time advantage. It’s too soon to know what role AI will play in the 2018 World Series, but by October 31st the agency for the team who walks away with the Commissioner’s Trophy will certainly know if their Data Analytics and AI strategies influenced that win! We’ll have to see if they are willing to share it with us.

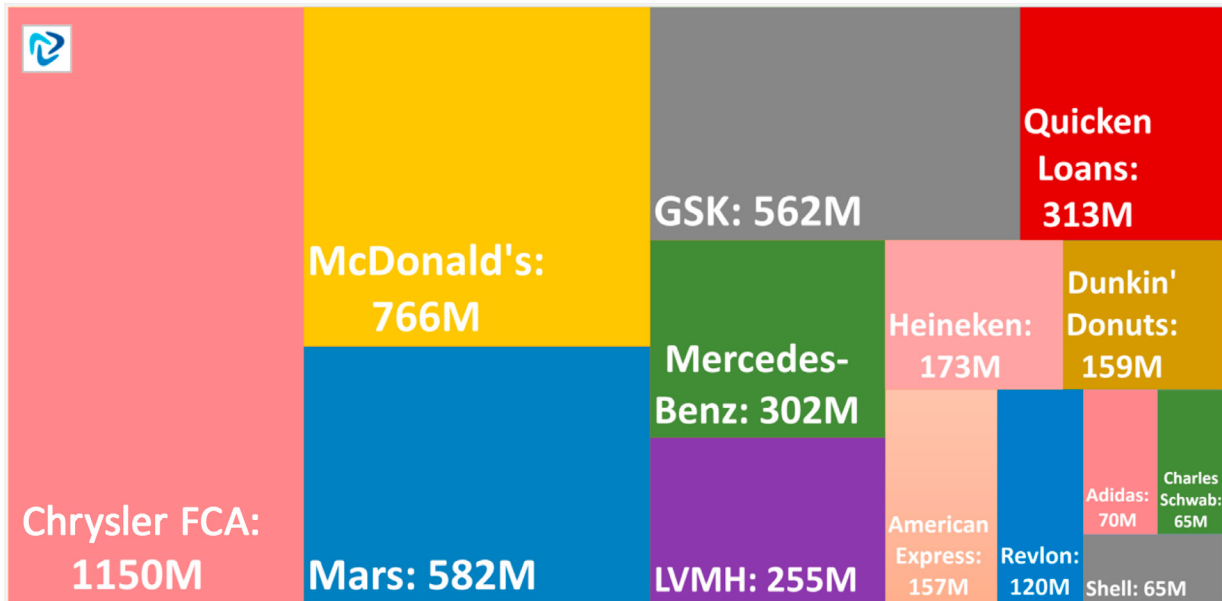
AGENCY REVIEWS AND ROSTER CHANGES

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

- The US dominated the media new business activity in Q1 2018 in terms of total spend reviewed (\$1.6bn). Also, out of the 25 media reviews assessed, there has not been any retention from the incumbent agency.

- The average retention rate (across the 28 countries) dropped to 13% vs. 26% in 2017. Retentions exceed 40% of the accounts assessed in France, Italy, Poland, and Spain.
- Out of the \$3.9bn of spend reviewed in Q1 2018, independent agencies have a combined 16% share (\$610M), of which a great part is concentrated in the US (\$470M).

MAJOR ONGOING US MEDIA PITCHES & MOVES (TOTAL MEDIA SPEND: \$5BN)



COMvergence

June 2018

CONFIDENTIAL

AMS Consortium

NEW BUSINESS BAROMETER

Q1 2018

USA

BASED ON THE DATE OF ANNOUNCEMENT

ADSPEND SOURCED FROM NIELSEN >\$10M (PERIOD: YEAR 2017)

Media agency GROUPS	USA	TOTAL New Business incl. retentions in \$US M	NEW CLIENT WINS		LOSSES		RETENTIONS		NET New Business excl. retentions in \$US M
			Number	Total adspend in \$US M	Number	Total adspend in \$US M	Number	Total adspend in \$US M	
1	Publicis Media	+269	6	464	7	-195	-	-	+269
2	Omnicom Media Group	+239	1	239	-	-	-	-	+239
3	Havas Media Group	-17	-	-	1	-17	-	-	-17
4	Dentsu Aegis Network (DAN)	-222	-	-	3	-222	-	-	-222
5	GroupM	-303	7	219	4	-522	-	-	-303
-	Horizon Media / Local Planet	+241	1	251	1	-10	-	-	+241
-	MDC Partners	+30	1	30	-	-	-	-	+30

Note: Publicis Media's total New Business Value includes the win of Campbell's Soup handled by a dedicated and standalone unit named Team Campbell's.

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June 2018

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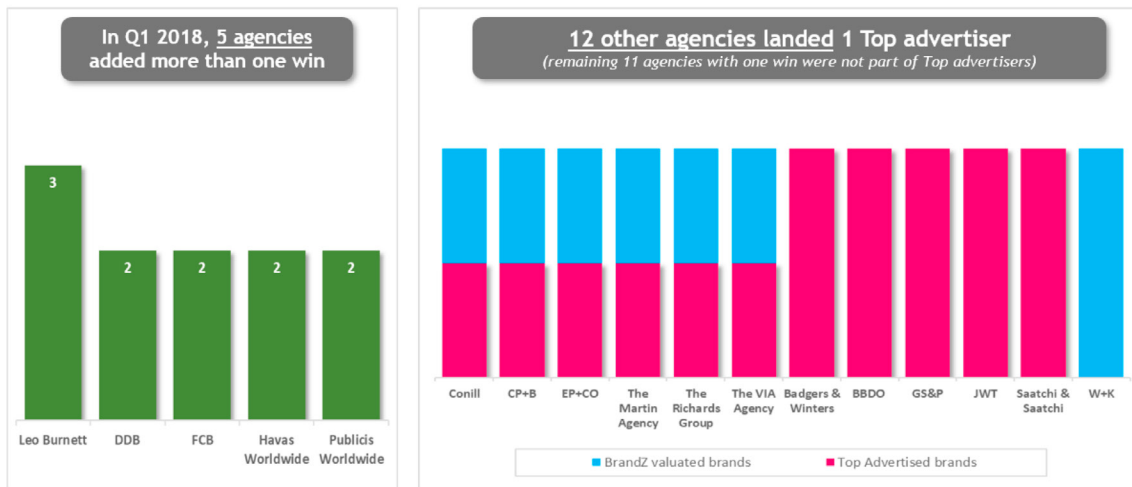
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According to the latest data by our partner and research firm **COMvergence**:

- Four top advertisers dropped their agencies after more than 10 years of collaboration.
- The average loyalty rate for clients with an identified incumbent is seven years.

- 30% of the creative accounts were won by independent agencies. Omnicom and Publicis share half of the remaining moves. Five agencies recorded more than one creative win in Q1: Leo Burnett, DDB, FCB, Havas WW, and Publicis WW.

28 Ad agencies won the 33 accounts; **5 agencies recorded more than 1 creative win in Q1: Leo Burnett, DDB, FCB, Havas WW, Publicis WW**



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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.

- German skincare brand **Beiersdorf** (brands include Aquaphor, Eucerin, and Nivea) selected Omnicom OMD as its US media planning and buying AOR, after a review, replacing incumbent since 2010 Dentsu's Carat.
- Gaming company **Activision** hired LA-based space150 as its social AOR, replacing incumbent agency Edelman LA. The agency will handle the Call of Duty and Bungie Destiny franchises. The brand also kicked off a review of its creative business currently handled by 72andSunny.
- **Miss America** hired Y&R as its new AOR, following a review. There was no incumbent agency.
- **Hyatt Hotels** hired Kirshenbaum Bond Senecal & Partners (KBS) as AOR for the chain's World of Hyatt Loyalty Program, following a review. The agency will handle all aspects of the loyalty program.

- **The Honey Baked Ham Company** named Dragon Army as its web and mobile AOR. The agency will handle the retail store's online and mobile presence including strategy, e-commerce, UX/UI, web, and mobile development.
- Snack food **Popchips** hired PK4 Media as its US media agency, following a review, replacing incumbent Palisades. The agency will handle all media activities ranging from desktop, mobile, tablet, connected TV, social media, and Amazon, and will work in partnership with UK-based creative agency 18 Feet & Rising.
- Cosmetics giant **Estee Lauder** selected Dentsu Aegis Network, following a review, to handle its media buying in Europe, Middle East, and Africa region, replacing incumbent Omnicom's OMD, which retains the UK region.
- **Sunstar Americas** selected MDC Partners' Doner as its creative AOR for its Gum dental products division following a review and replacing incumbent Addison.
- Specialty food **T. Marzetti Company** selected Cramer-Krasselt (C-K) as its new AOR, following a review, replacing incumbent MullenLowe Profero. The objective was to hire an integrated, idea-driven agency to unify its content, context strategies, and executions. The agency will handle advertising, media, programmatic, brand planning, digital, social media, and public relations.

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- Automaker **Nissan** moved creative business back to TBWA from sibling Zimmerman, which held the account since 2017. TBWA previously handled the automaker's creative business for around 30 years. The change back to TBWA was led internally by Nissan, rather than through a review.
- MDC Partners' 72andSunny, **Infiniti** Global Creative AOR, resigned the account after less than a year, allowing sister agency CP+B to pick up where 72andSunny left off. CP+B won the global business in 2014 and retained US AOR dues as well as some international markets after the appointment of 72andSunny.
- **Ally Financial** hired MediaCom to handle its media planning and buying account, following a review, and replacing incumbent Spark Foundry, its media AOR for a decade. Ally is also reviewing its digital and creative accounts. All finalists apparently received a five-figure stipend for their participation.
- Digital bank **Ally Financial** selected MDC Partners' Anomaly and Interpublic Group of Cos.-owned R/GA for creative and digital marketing, following a review. Anomaly replaced incumbent of seven years Grey. R/GA is Ally's first digital agency. The brand recently selected MediaCom to handle its media business, following a review, and replacing incumbent of 10 years Spark Foundry.
- **Converse** selected Initiative to handle its global media planning and buying account, following a review, replacing incumbent Omnicom PHD. Initiative will partner with the brand's creative agency, Wieden+Kennedy.
- Seafood restaurant chain **Red Lobster** selected Publicis North America to handle its creative account, following a review. Publicis has created a bespoke agency solution for the brand. The brand has been working with Publicis New York—formerly known as Publicis Kaplan Thaler—since 2014.
- “What the duck?” jokingly said Ad Age. Insurance company **Aflac** named Publicis Seattle its creative AOR, following a multi-month review, effectively keeping an account relationship held since 2016.
- Business software giant **ADP** hired Havas New York as its integrated AOR, following a review.
- Global athletic gear company **New Balance** selected Mediahub as its new media AOR for its US business.
- Germany-based **Puma** kicked off a global media review, challenging the incumbent Publicis Media-owned Blue 449.
- Athletic shoe maker **Adidas** selected WPP's GroupM MediaCom to handle its global media business, after a review, replacing incumbents Carat, but also Publicis Groupe's Starcom.
- Food company **Conagra Brands** dropped Omnicom Group's DDB Chicago, one of its biggest creative agencies since 2004. The agency expanded its work with the brand in 2013, and last year moved its work from the San Francisco to Chicago office. The brand still works with Match, its other creative agency, and with Havas and Jacobson/Rost.
- Tax expert **H&R Block** selected IPG-owned Deutsch, Los Angeles, as its new creative and advertising agency of record, following a review, replacing incumbent Fallon, the brand's AOR since 2010. The agency will handle brand strategy, creative and advertising, design, production, and social media.
- **Sony Corp. of America** hired Big Spaceship as its creative shop, after a review, replacing incumbent TracyLocke. The agency will be responsible for creating content across digital, social, and experiential channels, as well as influencer partnerships.
- **Dunkin' Donuts** appointed Publicis Media as its US media buying and planning agency, following a review, replacing incumbent IPG-owned Trilia, part of Interpublic's Hill Holliday. Publicis developed a new unit within the Groupe to oversee the account, pulling in resources from across Publicis Groupe's Digitas and Blue 449. Dunkin' Donuts recently picked Omnicom Group's BBDO Worldwide as its new creative AOR and named Publicis Groupe's ARC/Leo Burnett to handle retail and in-store marketing.
- Department store retailer **Burlington Stores** hired Horizon Media as its new media AOR, following a review, and replacing incumbent Initiative. The agency will support the brand and their 640+ stores across the US.
- Cosmetics company **Revlon** assigned its global media account to Interpublic-owned Initiative, following a review, replacing incumbent MediaCom, which picked up global media duties only last year, the same time WPP sibling Grey picked up global creative duties. MediaCom had held North American duties for seven years previously.
- Pizza chain **Pizza Hut** hired a new creative agency of record, GSD&M. The brand churned through five creative agencies in less than a decade (Droga5 won the account in May 2016, following Deutsch, which had it from 2014 until 2016, and McGarryBowen from 2013 until 2014, and the Martin Agency from 2009 until 2013. BBDO was Pizza Hut's last longstanding creative agency from 1987 until 2009).
- **Kimberly-Clark Corp.** selected Interpublic's FCB to handle its global family-care strategic and creative assignments, replacing incumbent JWT. JWT will stay on roster and will retain other assignments.

Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
Activision	Edelman LA	Social	Global	space150	N
Activision	72andSunny	Creative			Y
Adidas	Carat and Starcom	Media	Global	MediaCom	Y
ADP		Integrated		Havas New York	Y
Aflac		Creative		Publicis Seattle	Y
Ally Financial	Spark Foundry	Media	Global	MediaCom	Y
Ally Financial	Grey	Creative and Digital	Global	R/GA & Anomaly	Y
Beiersdorf	Carat	Media	US	OMD	Y
Burlington Stores	Initiative	Media	US	Horizon Media	Y
Conagra Brands	DDB Chicago	Creative			N
Converse	Omnicom PHD	Media and Shopper	Global	Initiative	Y
Dunkin Donuts	Trilia	Media	US	Digitas/Blue 449	Y
Dunkin Donuts		Creative	Global	BBDO Worldwide	N
Dunkin Donuts		Marketing	Global	ARC/Leo Burnett	N
Estee Lauder	OMD	Media	Global	Vizeum	Y
H&R Block	Fallon	Creative and Advertising		Deutsch, Los Angeles	Y
Honey Baked Ham		Digital Design and User Experience		Dragon Army	N
Hyatt Hotels Corp		Loyalty	Global	Kirshenbaum Bond Senecal & Partners (KBS)	Y
Infiniti	72andSunny	Creative	Global	CP+B	N
Kimberly-Clark Corp.	JWT	Creative	Global	FCB	N
Miss America		Brand	US	Y&R	Y
New Balance	PGR Media	Media	US	MediaHub	N
Nissan	Zimmeran Advertising	Creative	Global	TBWA	N
Pizza Hut	Droga5	Creative		GSD&M	N
Popchips	Palisades	Media	US	PK4 Media	Y
Puma	Blue 449	Media	Global		Y
Red Lobster	Publicis Nw York	Creative	North America	Publicis North America	Y
Revlon	Mediacom	Media	Global	Initiative	Y
Sony Corp. of America	Tracey Locke	Creative		Big Spaceship	Y
Sunstar Americas	Addison	Creative		Doner	Y
T. Marzetti Company	MullenLowe Profero	Marketing		Cramer-Krasselt (C-K)	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.

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