

# Industry Update

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

Volume 38

## Executive Summary—Monthly Recap

Summer is here and Cannes is always top of mind as the Cannes Lions unfolded in the iconic city on the French Riviera, coupled with some major announcements, from new partnerships and to new industry initiatives. Thousands of marketing, creative and tech professionals gathered in Cannes to celebrate the winners, including Titanium Lions, which celebrate game-changers - provocative, boundary-busting, envy-inspiring work that marks a new direction for the industry and moves it forward. The Grand Prix winner was Burger King and their agency FCB New York for “The Whopper Detour,” for its audacity and record-breaking results. In the meantime, it’s hard to ignore that online retailer Amazon was named the world’s most valuable brand for 2019 at \$315bn due to the brand’s remarkable YOY brand value growth, acquisitions, and new offerings (including advertising services).



**Bruno Galpois**  
Co-Founder & Principal  
Agency Mania Solutions

## Newsworthy reports and recent developments

At AMS, we approach the agency management discipline as four distinct but complementary practice areas—**Talent, Work, Financials, and Performance and Value**—which is how we’ve organized industry developments to follow.

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## TALENT: securing the right talent and resources

M&A activity in advertising is still ramping up with the big holding companies in advertising as well as newcomers like Accenture. Accenture Interactive acquired more than 30 agencies over the past four years, including the high-profile creative agency Droga5 recently (for an estimated \$475M). These numbers are also staggering: Publicis Groupe’s \$4.4 billion agreement to buy Alliance Data Systems Corp.’s Epsilon-Conversant is the industry’s biggest deal since Dentsu bought Aegis Group in 2013. Interpublic Group of Cos. bought Acxiom last October for \$2.3 billion. Mark Penn’s Stagwell Group recently bought a minority stake in MDC Partners. Meanwhile, the continued rise of in-house agencies is also getting media coverage.

- **Cannes Lions** fun factoid: Per R3, the price to rent a beach for the week in Cannes in 2019 is apparently between \$200,000 and \$1.5 million, depending on the size of the space.
- **Amazon** acquired the Sizmek ad server and Dynamic Creative Optimization (DCO) businesses to compete with Google and Facebook, the two dominant digital players. Amazon will get paid to drive traffic to its own site and allow advertisers to reach consumers with ads outside its own walls.
- **Allison+Partners (A+P)** launched Allison Advisory to expand the MDC Partners PR shop’s “perception-management” services into business transformations, international expansion, and risk mitigation.
- Digital firm **Quantasy** acquired multicultural shop Muse Communications to strengthen its capabilities in multicultural and digital marketing. Muse Communications clients include American Honda Motor Co., Google, and Wells Fargo.
- One of the largest Hispanic agencies, Austin, Texas-based **LatinWorks**, changed its name to Third Ear, emphasizing the shop’s ability to listen. The agency, 49 percent-owned by Omnicom Group, wants to appeal to a broader client set.
- Influencer powerhouse **Obviously** (strong of a network of 440,000+ influencers worldwide), acquired the influencer marketing division of French talent agency ZAM to boost growth outside the US market.

- Per the “ID Comms 2019 Global Media Training Report,” 71% of marketers rated levels of investment in **media training** unsatisfactory or entirely unsatisfactory. Yet 99% agree that brands can gain a competitive advantage in marketing by investing in training that raises their media capabilities. Time and budgets are the biggest obstacles.
- **MediaMonks** (recently acquired by Sir Martin Sorrell’s S4 Capital) acquired Amsterdam-production company and film studio Caramel Pictures to shoot, produce, and deliver content under one roof, fit for every platform and format.
- Per the Interactive Advertising Bureau (IAB), an average of 86% of European brands **moved programmatic in-house** (either completely or partially). Compliance with the EU’s General Data Protection Regulation (GDPR) rules was a key driver.
- Microsoft changed the name of its advertising business from Bing Ads to **Microsoft Advertising** as part of a restructuring of the group as it prepares to introduce new solutions.
- **Coldwell Banker NRT** created the largest in-house marketing agency for real estate, called The Studio, which is comprised of 400 marketing professionals around the country working on various services for over 45,000 brokers, including PR, design work, and marketing services.
- Hotel brand **Hilton** set up in-house hubs dedicated to media, social media, strategy, enterprise, marketing operations, marketing performance, regional marketing, and PR and communications. These hubs collaborate with its outside agencies including its global AOR, TBWA, and media AOR, MediaCom.
- WPP, Kantar, Facebook, Google, LinkedIn, New York University, Oxford University, and Spencer Stuart came together to launch a leadership training program called **Institute for Real Growth (IRG)** in New York City, Shanghai, and London, tailored to chief marketing officers and other senior business leaders.
- **Anheuser-Busch InBev** launched its US in-house agency called Draftline. Originally designed to cover digital and social assignments when first introduced last year, the in-house agency now employs 55 people and works across all 42 brands and provides services in TV production, packaging, out of home, radio, email, data, and programmatic buying, and collaborates with its 50 external agencies, including Wieden+Kennedy, FCB, David, and VaynerMedia. The in-house agency competes for work as any other agency would.
- A new creative and brand strategy agency, **Neverland** (a name inspired by Peter Pan), was launched in London by former adam&eveDDB founding partner Jon Forsyth and co-founder of The Guild, Simon Massey.
- Consumer-packaged-goods company **General Mills** kicked off a review of its creative account, following the brand’s recent decision to move away from its AOR model to a per-project basis. The RFP details are presumed to include 120-day payment terms and no pitch compensation, and assign ownership to the brand for all creative concepts presented.
- **Havas Group** merged its PR shops (Havas PR NA, Havas PR in Manchester, and Red Agency in APAC) into a singular global offering called Red Havas, combining earned media strategy with social, content and experiential. The group consolidated its media and creative functions into one P&L in 2017, now extending this approach to PR and social.
- Per **Digiday**, only 44% of marketers believe their agencies’ business interests align with their company’s business interests, and 40% said their interests were not aligned with their agencies.
- **PepsiCo** built an in-house team in North America, dedicated to integrating data with media planning, known as the media and consumer data team. The in-house agency will work with external vendors and other in-house functions.
- New York-based digital marketing agency **Situation** formed a live events production division called Situation Events, which provides full-service production management, including venue sourcing, ticketing, content curation, and talent.
- **Dentsu** launched Dentsu Media Runway Inc., a new Tokyo-based media services agency that will develop media strategies and executions that position its clients on a celebrity runway.
- **Procter & Gamble Co.’s Secret brand** is now handled by its in-house brand team, coordinating all advertising creation and media planning under one internal team. The brand previously worked with independent agency Wieden+Kennedy and WPP’s Berlin Cameron, which the brand used on a project basis. P&G claims that the time from idea to execution has significantly reduced, producing content in under a month vs. four to five months in the past.
- Per media advisory firm MediaSense, 61% of advertisers are reviewing their **media agency model**. 27% are considering handling their own programmatic campaigns, and 17% are looking at buying their own media in-house.
- **Dentsu Aegis** merged 360i, ICUC, and Fetch to create dentsu X in the UK as part of an initiative to simplify its global structure so it’s easier for clients to navigate.
- **Publicis Worldwide UK** consolidated the region’s three businesses — creative Publicis London, digital Poke, and shopper specialist Arc — under a new entity called Publicis.Poke, inspired from the “Power of One” strategy.

- **Google** acquired business intelligence platform Looker for \$2.6 billion to integrate the company's technology as a service into the Google Cloud platform, extending the brand's business analytics offering and the use of data sources.
- The **World Federation of Advertisers (WFA)** created a Global Sourcing Board, co-chaired by Barry Byrne, senior global procurement director, sales & marketing, Adidas, and Tracy Allery, associate director, global sourcing, marketing agencies, Mondelez, to realign corporate procurement practices as they apply to marketing more toward investment and growth goals, along with the usual cost-savings mandates.
- **iHeartMedia and WPP** launched a new venture called Project Listen to develop new insights, planning, and creative capabilities in audio, including the creation of a new creative audio studio at GroupM's New York headquarters.
- **Mindshare US** invested in medical-grade equipment to launch NeuroLab in its agency's New York office to measure second-by-second, non-conscious neurological responses to brand stories and media.
- The World Federation of Advertisers (WFA), in partnership with Fast-Up Partners (FUP), launched the **Voice Coalition**, designed to help marketers better understand the impact voice technology has on how consumers select brands.

#### Noteworthy quotes:

- » "Agency brands are an endangered species, disappearing faster than those bees."—Avi Dan, CEO, **Avidan Strategies**
- » "This isn't about which agency is doing what. The focus is on giving this brand the best ideas out there to help move it forward."—Ryan Reis, VP, Coors Family of Brands, **MillerCoors**
- » "Listen up, marketers: the first step to making great marketing is to love the people making it."—Michael Fanuele, founder/CEO, **Talk Like Music**
- » "Trust between marketers and agencies is at an all-time low."—Bill Duggan, group EVP, **ANA**
- » "In client relationships, the idea of an agency will vanish. There will be a spectrum from fully managing to fully in-housing and you must be able to operate anywhere on the spectrum."—Rob Pierre, CEO, **Jellyfish**
- » "One of the issues that consulting firms have is they make our silos look like a cakewalk. Watching them integrate Droga will be interesting to watch."—Michael Roth, chairman/CEO, **Interpublic Group of Cos.**
- » "Clients underestimate in media, particularly in digital media, the challenges in recruiting, retaining, and training people."—Mark Read, CEO, **WPP**
- » "If we commit to help our clients reimagine their futures, we will reimagine our own."—Nigel Vaz, global chief executive, **Publicis Sapient and new IPA president**

- » "I think what Google is doing somewhat removes the need for agencies, or at least changes the agency's role."—Steve Gibson, CMO and managing partner, **DealerSauce**
- » "Having the right combination of those agencies together, plus great talent in-house, is really our evolution."—Mark Weinstein, senior VP and global head of customer engagement, loyalty and partnerships, **Hilton**
- » "If the established agencies can continue to attract the most talented creatives, and trumpet these credentials to existing and prospective clients, they'll have a future in this newly-competitive environment."—Tony Walford, partner, **Green Square Partners**
- » "The really good agencies have got to start saying no."—Max Baxter, CEO, **Initiative**
- » "From both a speed and a control standpoint, large brands need to have in-house capabilities."—Scott Harkey, co-founder and managing partner, **OH Partners**

#### WORK: producing great work and outcomes

Digital has been king or queen for a while in the kingdom of advertising. Most holding companies don't even report on the amount of their revenue that is digitally based. It's good to remember that "digital" work represented 53.6% of 2018 US revenue for agencies from all disciplines. Per Ad Age, the number of times WPP mentioned "digital" in then-CEO Martin Sorrell's 130-slide earnings presentation in March 2018: 63. Number of times WPP mentioned "digital" in new CEO Mark Read's 60-slide earnings presentation in March 2019: zero. Digital is now omnipresent in all we produce.

- The world's leader in digital payments **Visa**, which handles over \$3.3 trillion in US Visa credit and debit card purchases, and \$63 billion in US Visa credit and debit transaction fees from 820 million Visa cards now offers 200 pre-built audiences to advertisers, through its Visa Ad Solutions, looking to capture wallet share and target these customers.
- Retail pharmacy **CVS Health** became the first major brand to boycott any agency (among ad agencies, PR firms and health-related businesses) that promotes smoking or vaping via the Quit Big Tobacco campaign.
- Grassroots organization **Guns Down America** asked the ad industry to boycott the gun lobbying group National Rifle Association and not to take the NRA's "blood money" with an "open letter" to ad agencies, in light of NRA's \$40 million relationship with agency Ackerman McQueen coming to an end.
- Ad agency **Ackerman McQueen** confirmed that it has formally resigned its account with the National Rifle Association after an almost four-decade long relationship, following a breach of contract and a lawsuit by the client.

- The **North Face** apologized for its marketing campaign that involved driving awareness of the brand in Google Image search results by switching travel destination photos with product-placement shots in Wikipedia.
- **Facebook's Instagram** introduced a new tool called 'paid partnership' allowing advertisers to promote posts from "influencers" that promote services or products (displaying "paid partnership with" tag on the post).
- IBM launched **Watson Ad Builder**, enabling brands to utilize a self-service platform to create display ads integrated with chatbots that run on Watson's natural language technology.
- **Goodby Silverstein & Partners** created an ad scented with new car smell for Liberty Mutual Insurance hoping to trigger subconscious memories about the Liberty Mutual ad when customers test-drive and buy cars.
- 16 of the world's biggest advertisers (Diageo, Unilever, BP, Adidas, Mars, Procter & Gamble, Mastercard, General Mills, GSK Consumer, to name a few), have formed an alliance called **Global Alliance for Responsible Media** in partnership with platforms like Facebook, Twitter, and Google, as well as agency networks (excluding WPP and Havas) and trade bodies (4A's and IAB) to address the spread of harmful and misleading content online.
- Per eMarketer, **Facebook** and Snapchat users ages 18 and over in the US are spending around 38 and 26 minutes daily, respectively, on the platforms, while Facebook-owned Instagram usage is on the upswing (reaching 27 minutes this year among US adult users and projected to increase by one minute every year through 2021). Facebook's continued loss of younger adult users is a source of concern among advertisers.
- Per TrinityP3, 17 ways advertisers make **ad production more transparent**: 1. Review your agency contracts regularly, 2. Be clear on the type of relationship your contract defines, 3. Investigate contracting third party production companies directly, 4. Engage an independent production consultant, 5. Contracts should clearly define warranties and indemnities, 6. Insurance requirements for all parties should be defined, 7. Third party costs should be passed on at net, 8. Beware of fixed price methodology, 9. Production contingencies should be avoided, 10. All production contracts should include a right to audit, 11. Three competitive bids should be sourced by the agency, 12. Agency should declare conflicts of interest in writing for each production, 13. Avoid paying twice for agency producer, 14. A rigorous tendering process should be defined in the contract, 15. Terms on third party negotiation expectations should be clearly defined, 16. Ensure rate cards define responsibilities as well as costs of services, 17. Undertake production audits on an annual basis.

#### Noteworthy quotes:

- » "Bringing work in-house isn't a trend or a blip. How can we all help each other and work together to make our industry better?"—Joshua Palau, VP of media strategy and platforms, **Bayer**
- » "There are vast sources of creativity available, and today P&G is taking action to merge the ad world with other creative worlds through partnerships that embrace humanity and broaden our view of what advertising could be."—Marc Pritchard, chief brand officer **P&G**
- » "In a world of increasingly intangible value, brand creation, definition, and activation are vital."—Mark Lund, CEO, **McCann Worldgroup UK**
- » "Client interest in our purely digital, first party data, always-on 24/7 programmatic model is frenetic."—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » "The winners will be those who define a wholly-connected ecosystem of both in-house and external resources to provide the right balance."—Jillian Gibbs, CEO, **Advertising Production Resources**
- » "There is no question that marketers of all sizes are exploring more in-house options for portions of their business in an era of increased complexity, data priorities, and faster change."—Deborah Malone, founder, **The Internationalist**
- » "Agencies and brands are in growing need for high quality content, produced in an efficient way."—Victor Knaap, CEO, **MediaMonks**
- » "How much we talk about how we compete with holding companies adds up to a whopping zero minutes. It's not out of disrespect. We're in an adjacent business."—Brian Whipple, CEO, **Accenture Interactive**
- » "The complexity trend needs to be reversed."—Michael Farmer, strategist and consultant, **TrinityP3 and Farmer & Co**
- » "It's always hard to spend time with a key partner to create the chemistry and trust and relationship until the work starts to warm up and becomes cool and meaningful."—Marcel Marcondes, US CMO, **AB InBev**
- » "Today's agency model is one integrated capability to solve whatever the client needs."—Glen Hartman, senior managing director, **Accenture Interactive**
- » "No matter how many procurement or legal or financial people get involved in your business, at its heart it's still about a relationship, and you still need to inspire your clients (like you probably did in the pitch)."—Matt Stiker president (& chief nourishing officer), **Garrand Moehlenkamp**





## 2019 ProcureCon London Learnings & Takeaways

By: Jillian Gibbs, APR's Founder & Global CEO

Here's a summary of our learnings and what we've gleaned from the conference this year...

- **Marketing is fuel for growth.**
- **Marketing procurement executives are no longer talking about savings and are recognizing the importance of value. They are moving the conversation and their roles from sourcing to resourcing.**
- Cost savings is the wrong conversation. They are looking specifically at the four P's: **process, people, partners, and performance.**
- **Business silos must be broken down**, connecting the dots across media, creative, and production.
- They also believe that **using a consultant to learn best practices and validate** their decisions is critical and more powerful than similar recommendations from an internal source.
- **Lastly, change management is a priority, and senior leadership support is needed.**

Organizations that succeed in supporting the changes in the content creation ecosystem will be doing the following:

1. **The winners will care about value and impact over costs.**
  - They will assess their ecosystem.
2. **The winners will form Centers of Excellence to integrate the whole ecosystem (media, creative, and agency).**
  - The role of Integrator will become important to connect the activities across the business.
3. **The winners will allow room for creative choices.**
  - For example, the need for a plug-and-play ecosystem.
4. **The winners will have a better handle on how they or their agencies choose vendors/suppliers/partners.**
  - They will have supplier decision trees, rate cards, a way of selecting and bidding, and training.
5. **The winners will provide change management and training to their internal people and external agencies.**
6. **The winners will address both global opportunities and local needs.**
  - Marketers will introduce local subject matter experts to impact their regions and collect information, share successes, and evolve their models.
7. **The winners will use practitioners.**
  - Since so much is changing so fast, it is hard to keep up. The winners will engage subject matter experts to assist where they don't have the expertise to influence and validate decisions.
8. **The winners will recognize the difference between creative storytelling and mass-produced assets and address them accordingly.**
  - They will identify ways to share assets and coordinate production and where the assets and processes will be separate and different.

### FINANCIALS: driving efficient use of resources

General Mills' recent RFP resurfaced the issue of late payment terms. The brand is requesting 120-day terms, a practice also common with large advertisers (Mondelez, AB InBev, Mars, and others). In 2015, fragrance manufacturer and beauty giant Coty made headlines by asking for 150-day payment terms in its global media review.

- CPG giant **P&G** had its best quarterly top-line report in eight years with five percent organic sales growth despite \$165 million in overhead, agency fees, and production cuts in the first quarter of the year. Savings are reinvested.

- Per Interactive Advertising Bureau and PricewaterhouseCoopers, **US digital ad spending** exceeded \$100 billion for the first time in 2018 (\$107.5 billion), a 22% increase from 2017. TV ad revenues were \$71 billion for the same time period in comparison. Mobile advertising grew 40% YOY (\$69.9 billion), video ad spending grew 37% (\$16.3 billion).
- Per WPP media unit GroupM, **advertising spend** in the US will be 5.8% for 2019 (down slightly from 6% in 2018) and 8.2% in 2020, fueled by political spending increases (or 4.8% for 2020, excluding political spend).

- **Bayer** reported reducing its programmatic buying costs by \$10-to-\$11 million within the first six weeks after replacing GroupM agency and moving programmatic in-house. The brand still works with an agency for TV buying.
- **Johnson & Johnson** cut marketing budgets, executing on its agenda announced last year to achieve 30% savings. The Omnicom and WPP units (respectively called Velocity and The Neighborhood) created to serve the account in collaboration with IPG's UM, the brand's media AOR, have experienced significant staff reductions in recent months.
- 70% of online retailer brand **Revolve** sales are driven by influencers. The company, which launched in 2003 and currently works with over 3,500 influencers and brand partners, is set to be valued at \$1.2 billion.
- Per COMvergence, **media agencies and networks** owned by the top six holding companies maintained a 59% share of global media spending last year. The remaining 41% is handled by independent agencies or in-house.
- **US digital ad spend** is concentrated among few players. Per eMarketer, Amazon, Facebook, and Google will account for 43% of the \$129.34 billion in US digital ad spend in 2019. Per Factual, agencies spend on average 50% of their advertising budget with Amazon, Facebook and Google. Marketers spend about 41%.
- Per the Interactive Advertising Bureau/Pricewaterhouse Coopers report, **US podcast ad revenue** increased 53% from 2017 to 2018, reaching \$479 million. It is expected to continue the trajectory to hit \$1+ billion by 2021.
- Per The New York Times, **Google** received \$4.7 billion in revenue in 2018 from news publishers. Yet, the entirety of the US news industry made only \$5.1 billion in digital advertising last year, showing a huge discrepancy. Google news and search drove subscriptions and ad revenue for publishers by sending over 10 billion clicks to their websites.
- **Facebook** settled a class-action complaint accusing the company of inflating video metrics by up to 900% and the average time spent viewing ad clips by 60% to 80%. Although it did not affect billing per se, it led marketers to believe video ads on the platform were more valuable than they actually were, which led to higher prices.
- Per COMvergence, Omnicom's OMD is 2018's **top-ranked global media agency network** with a 7.1% market share, followed by GroupM's Mindshare, Dentsu Aegis Network's Carat, MediaCom, and Wavemaker. At the group billings level, WPP's GroupM is the global leader with a 17.6% industry market share, followed by Omnicom Media Group with a 12.1% share. Others include Publicis Media, Dentsu's DAN, Interpublic's Mediabrands, and Havas Media Group.
- Costs of an **agency pitch**: Per Max Baxter, CEO of Initiative, it now takes "about a year for an agency to break even after a [global] pitch" costing an average \$300,000.

Recent financial results from top agencies:

- » **Publicis** reported an increase of net revenue (1.7% YOY) in Q1 to €2.12 billion (\$2.4 billion), but organic growth was down 1.8% due to North America clients cutting budgets. North America organic revenue declined by 4.3%. Full-stack services (data, dynamic creativity, and business transformation) were up 27%.
- » **IPG** reported 6.4% organic net revenue growth in Q1 (excluding the results from data company Acxiom, IPG's recent acquisition) or 13% net revenue gain including Acxiom. Net revenue was \$2 billion in Q1, an increase of 13% over the same period in 2018, despite a few account losses, including Fiat Chrysler and the US Army.
- » **WPP** reported £3.588 billion (\$4.64 billion) in revenue in Q1, up 0.9% compared with the same period last year. Overall, WPP reported a sales decline of 2.8% from the prior quarter, with a worrisome 8.5% decline in sales in North America, as a result of client losses including Ford, GlaxoSmithKline, United Airlines and American Express. Media investment management showed the strongest growth in the United Kingdom, Asia Pacific, and Latin America. The newly formed agencies show signs of momentum: The most recent merger, Wunderman Thompson, won Duracell's international creative account. WPP put more emphasis on creative and will invest £15m per year in creative leadership, with a particular emphasis on the US market.
- » **Omnicom** reported organic growth of 2.5% in Q1 as a result of strong performance by its advertising and healthcare businesses. The group's net income fell from \$264.1m to \$263.2m in 2019, a drop of 0.3% YOY. Worldwide revenues decreased by 4.4%. Advertising and media still account for 55.5% of revenue. The group is focused on consolidating and revamping its internal offer: Trading desk Accuen, and search, social, and performance shop Resolution Media will be consolidated into three media agencies: Hearts & Science, OMD, and PHD in its Omnicom Media Group. The group is also launching Omni, its proprietary data and analytics platform, and the Omnicom Retail Group as a new key practice.
- » **MDC Partners** reported a 0.9% drop YOY in organic revenue and a rise in overall revenue, which went from \$327 million to \$328.8 million. MDC Partners is operating on a two-year plan to turn around the company and is focusing on combining top creative talent with leading data, research, strategy, digital, and media offerings.

Courtesy of COMvergence:

- » 31% of the total media spend reviewed in 2016 (\$28B) was retained by incumbent agencies. This rate has fallen to 28% in 2017 and 25% in 2018. Over the past three years, media network client retention rate is less than 50%. The most successful agencies in retaining existing clients were Zenith (48%), Initiative (46%), Mindshare(43%), and Starcom (43%).

PERSPECTIVE ON THE GLOBAL MEDIA INDUSTRY

## 12 GIANTS SPENT MORE THAN \$2B GLOBALLY IN 2018



\$6.7B



Unilever  
\$4B



\$3.2B

L'ORÉAL

\$3B



\$2.7B



RENAULT NISSAN MITSUBISHI

\$2.7B



\$2.6B



Nestlé

\$2.4B



\$2.3B

WARNERMEDIA

\$2.2B



\$2.2B



HEALTH • HYGIENE • HOME

\$2B

COMvergence tracking the global MarCom industry

May 23, 2019

CONFIDENTIAL



## MAJOR MEDIA PITCHES & MOVES CONCLUDED IN 2018

GLOBAL MEDIA PITCHES = \$10.5B



Daimler  
Mercedes-Benz



US/N.A. MEDIA PITCHES = \$3.5B



COMvergence tracking the global MarCom industry

May 23, 2019

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PERSPECTIVE ON THE GLOBAL MEDIA INDUSTRY

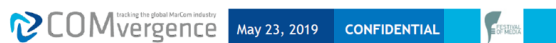
See how stronger relationships contribute to better marketing. Contact us at [www.agencymania.com](http://www.agencymania.com).  
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AGENCY MANIA  
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# GLOBAL MEDIA AGENCY GROUP BILLINGS 2018

Rank	Media Agency Groups	GLOBAL Billings 2018 x\$1m US	Growth Rate 2018 vs 2017
#1	<b>GroupM</b> (WPP)	48 083	-0,1%
#2	<b>Omnicom Media Group</b> (Omnicom)	33 081	1,7%
#3	<b>Publicis Media</b> (Publicis)	32 662	0,5%
#4	<b>Dentsu Aegis Network</b> (Dentsu)	22 905	5,9%
#5	<b>Mediabrand</b> (IPG)	16 529	7,2%
#6	<b>Havas Media Group</b> (Havas/Vivendi)	8 386	3,5%
<b>TOTAL Media Agency GROUPS</b>		<b>161 646</b>	<b>2,1%</b>
<b>Total independents &amp; in-house</b>		<b>112 799</b>	
<b>TOTAL Media Agency INDUSTRY</b>		<b>274 445</b>	



“Keeping Fortnite Fresh” for Wendy’s), Media (Brazil’s AKQA São Paulo’s “Air Max Graffiti Store” for Nike), Outdoor (Wieden+Kennedy Portland’s “Dream Crazy” for Nike), PR (Scholz & Friends Berlin’s “The Tampon Book: A Book Against Tax Discrimination” for The Female Company), Direct (FCB New York’s “Whopper Detour” for Burger King), to name a few.

- **Amazon** was named the world’s most valuable brand for 2019 per the BrandZ 100 report (WPP and Kantar). The brand reported a 52% year-on-year increase in brand value to reach \$315.5bn, surpassing Apple at \$309.5bn and Google at \$309bn. Next were Microsoft (\$251bn), Visa (\$178bn), Facebook (\$158bn), and Alibaba (\$131bn).
- **Amazon Web Services** rolled out Amazon Personalize, a tool powered by artificial intelligence and machine learning, enabling brands to personalize product recommendations and search results to customized promotions for apps, content management, and websites.
- Independent Wieden+Kennedy was named agency of the year at the **23rd Annual Webby Awards** (for a total of six Webby Awards and seven Webby People’s Voice Awards). The agency earned more nominations across all categories than any other agency this year. BBDO Worldwide was named Network of the Year. Other agencies with nominations included BBDO New York, TBWA/Media Arts Lab, McCann New York, and R/GA.
- Omnicom-owned **Alma** was named the fourth most-effective agency in the US and was awarded five Effie Awards across four major clients and multiple categories, making it the most highly awarded multicultural agency of the year: Corporate Reputation: Hacer – McDonald’s (Silver), David vs. Goliath: Tobacco is No Joke – Tobacco Free Florida (Silver), Internet & Telecom: Fútbol Mode – Sprint (Silver), Multicultural & Lifestyle Segments - Products: Shine Your Way – Sol (Silver), Multicultural & Lifestyle Segments - Services: Hacer – McDonald’s (Bronze).
- Per White Ops and the Association of National Advertisers (ANA), ad fraud is expected to reach \$5.8 billion globally in 2018, a 11% reduction YOY. **Ad fraud** attempts make up between 20% to 35% of all ad impressions. 8% of display ads and 14% of video ads are fake, a reduction of 9% and 22% respectively, showing a positive trajectory.
- **Google** launched new promotional formats to online search—YouTube and its increasingly popular Discover service—offering more ways for shoppers to buy. The ad giant is planning to offer targeted ads for retail products on Gmail, Google Images, the YouTube mobile app, and its voice-based digital assistant.
- Per MediaRadar, longer ads on Google-owned video platform **YouTube** are gaining momentum. The percentage of six-second ads declined by 20% year-over-year to 16.5% of all ads. the number of 30-second ads rose by 19% year-over-year to 24% of all ads. Fifteen-second ads made up a plurality of YouTube ads, accounting for 47% of ads.

**Noteworthy quotes:**

- » “I don’t want to have anything to do with anything traditional. I want it expunged. It’s slow growth.”—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » “I acknowledge that there are times when agencies pitch similar ideas and, in these instances, we must protect ourselves. If agencies have a great idea or concept for our brands, it is likely we will want to work with them.”—Ivan Pollard, CMO, **General Mills**

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

The Cannes Lions International Festival of Creativity named Apple Inc. as its 2019 Creative Marketer of the Year. In 2018, “Today at Apple,” (created by Work & Co) won the Cannes Lions Grand Prix for Brand Experience and the Titanium Lion, and “Welcome Home” (a film created by TBWA/Media Arts Lab) won the Entertainment Lion for Music Grand Prix. The brand also won 22 other Lions across 10 different campaigns in 2018 alone.

- **Cannes Lions 2019 Grand Prix Winners:** Creative Data (FCB/Six Toronto’s “Go Back to Africa” initiative for Black & Abroad), Creative Strategy Forsman & Bodenfors’ “The E.V.A. Initiative” for Volvo), Social & Influencer (VMLY&R’s



## 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.

- **Diageo** selected FIG (formerly known as Figliulo & Partners) as its global AOR for Ketel One Vodka, replacing incumbent Barton F. Graf, which operated in the US, following a review.
- Automotive brand **Audi of America** split its digital business to four agencies (Rauxa, UK-based Ixis, SOMO and Designory), ending an eight-year relationship with AKQA. Rauxa will handle digital marketing, Ixis data analytics, SOMO technical development, and Designory product enterprise/content. The agencies will collaborate with Venables Bell and Partners, Audi's longstanding creative AOR in the US.
- Brewer **MillerCoors** hired Publicis-owned agency Leo Burnett to lead creative for Coors Light in the US, replacing incumbent 72andSunny. The agency will collaborate with DDB, Arc, ICF Next, Publicis Connect, and Kantar Media in a multi-agency approach.
- The **Walt Disney Co.** consolidated media planning and buying duties with Omnicom Group media agency OMD as its new AOR to handle its 21st Century Fox account (Twentieth Century Fox Film Corp, Fox Searchlight Pictures, and Fox Entertainment Group), replacing incumbents Publicis Media's Zenith and MDC Partners' Assembly. OMD was the AOR for Disney's movie divisions, including Pixar, Marvel Studios, Lucasfilm, and Walt Disney Studios since 2013.
- Video game company **Electronic Arts** selected GroupM's m/Six as its global strategic media agency partner following a review, replacing incumbent Publicis Groupe's Starcom. The brand still handles a majority of its media duties in-house, namely strategy, planning, and digital—including search, social, programmatic, and digital out-of-home.
- Unilever's **Seventh Generation** moved its creative account to independent Opinionated following a review, replacing incumbent 72andSunny, which continues through year-end on a project basis.
- **Pantone** selected Interpublic Group agency Huge as its worldwide communications AOR in the US, APAC, and EMEA. The agency will handle the brand's "earned-first" creative campaigns, leveraging editorial, design, UX, and tech resources and replacing incumbent MDC's Kwittken (now KWT).
- **Universal Parks & Resorts**, a subsidiary of Comcast-owned NBC Universal, selected GSD&M as its US creative agency of record, following a review. The agency will handle experiential, digital, and social media.

- **Publicis Saatchi & Saatchi's "It's a Tide Ad"** campaign for Procter & Gamble won top prize of the Grand Effie at this year's Effie Awards US. The top three agency networks are McCann Worldgroup, Ogilvy, and Droga5.
- **Apple** introduced a new technology built into the Safari Web browser called Privacy Preserving Ad Click Attribution that allows attribution of advertising clicks while protecting user privacy.
- Per Hubspot, the **Top 5 Creative Agencies to follow on Instagram**: 1. Huge: @hugeinc, 2. Mother London: @motherlondon, 3. ustwo: @ustwo, 4. Wolff Olins: @wolffolins, 5. Revenue River: @revenue\_river

### Noteworthy quotes:

- » "The industry really is at a breaking point because clients don't see the value, period."—Martin Albrecht, CEO, **Crossmedia**
- » "Speed in all sense of the word is becoming a crucial competitive advantage and differentiator, and we don't have to set up an institute to learn that. We just listen."—Martin Sorrell, executive chairman, **S4 Capital**
- » "Marketers need to be more aware of the harvesting and ownership of data. The processing power of the cloud allows marketers to make sense of the data being collected."—Rob Pierre, CEO, **Jellyfish**
- » "If you don't innovate and invest in brands, like any business you run out of road from a growth perspective."—Mark Read, CEO, **WPP**
- » "Entering into a performance bonus to mitigate risk, mitigates the reason for the performance measure in the first place. It is like an athlete wanting to add other metrics such as beauty, intelligence, and likeability as factors in determining the results of Olympic 100 metres athletics competition."—Darren Woolley, founder & global CEO, **TrinityP3**
- » "Clients just want results, they don't care where the talent comes from."—Sir Martin Sorrell, executive chairman, **S4 Capital**
- » "Brands are building in-house agencies and are submitting their own work to Cannes because over-billing, deceitful media practices, and unethical business tactics have led to a lack of trust in holding companies."—Matt O'Rourke, chief creative officer, **22squared**

- Home security company **ADT** selected McCann Worldgroup as its lead strategic and creative AOR, following a review. The brand is also moving media-buying and planning in-house, replacing incumbent Horizon Media.
- **Ferrari North America** named Raare Solutions and its creative partner The S3 Agency as email AOR, replacing incumbent BrightWave.
- Insurance company **Oscar Health** selected New York-based company Chandelier Creative as its advertising AOR, following a competitive review.
- Restaurant chain **Sonic** kicked off a review to select a new creative AOR, replacing eight-year incumbent Goodby Silverstein & Partners, which won't defend.
- Department store **Belk** hired McGarryBowen as its creative AOR following a review, the first time the brand has worked with an outside firm on a branding initiative in recent years. The brand handled all marketing internally.
- Dutch operator **VodafoneZiggo** selected WPP as its new ad agency following a pitch, uniting its marketing for both the Vodafone and Ziggo brands. WPP created WPP Go One, a newly established on-site multi-disciplinary team to serve the client, drawing together 15 agencies within a single building to facilitate more integrated solutions.
- Food delivery service **Just Eat** selected UM as its new global media planning and buying AOR as a result of a consolidation exercise, replacing incumbent m/SIX in the UK. The agency will handle the entire media mix in its 10 markets. Last year, Just Eat hired sister agency McCann to handle global creative.
- **General Mills** shifted to a project-based model, no longer relying on MDC Partners shop 72andSunny, its agency of record, as it previously did for brands including Yoplait and Nature Valley. The agency will continue working on GM brands alongside a portfolio of roster agencies such as independent agencies Erich&Kallman, Pereira O'Dell, and Joan Creative.
- Healthcare provider **Premier Health** selected Detroit-based Doner as its strategic and creative AOR following a review and replacing incumbent agency DeVito/Verdi.
- **iShares by BlackRock** hired DDB San Francisco as its global creative AOR. The agency will partner with Omnicom sister agencies adam&eveDDB in London and DDB Mexico to service the account, replacing incumbent Sid Lee.
- The gaming giant **Sony PlayStation** selected adam&eveDDB, part of Omnicom's DDB network, as its global AOR, following a review, consolidating work that was previously distributed across a few agency partners.
- Chocolatier **Lindt USA** selected WPP agency Grey New York as its new advertising AOR, following a review and replacing incumbent agency Gotham.
- Denim brand **Wrangler** hired independent network Mother New York as its global creative AOR, following a review and replacing the incumbent Concord, Massachusetts-based Toth+Co, which had worked on the business for 19 years. The agency will handle branding development and communications campaign strategy spanning print, digital, broadcast, and out-of-home. The agency will collaborate with Wrangler's lead media agency Publicis-owned Starcom and its PR and social media agency, French/West/Vaughn.
- Pharma company **Allergan** selected Spark Foundry as its US media AOR, following a review, and replacing incumbent MediaCom, the brand's AOR since 2002. The agency will handle media strategy and planning, content, and analytics.
- **Ferrero USA** selected independent agency Terri & Sandy (T&S) as its new US creative AOR for its Nutella brand, following a review, and replacing longtime AOR Omnicom's Merkle & Partners. The agency will handle all creative, strategy, and execution for Nutella's US business in partnership with media agency PHD and with PR agency Golin.
- Vision care company **1-800 Contacts** consolidated its advertising and marketing account with Portland, Oregon-based R2C Group. The agency will handle data-driven creative, media, and analytics services.
- **Facebook** hired Wieden+Kennedy, Leo Burnett, Ogilvy, BBDO, and Droga5 to work on different parts of its business, some as lead creative agencies for each of the brand apps: Wieden+Kennedy for the Facebook app, Leo Burnett for Facebook Messenger, Ogilvy for Instagram, BBDO for WhatsApp, and Droga5 for corporate brand and reputation work.



## Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
ADT		Strategy, Creative	US/Canada	McCann Worldgroup	Y
ADT	Horizon Media	Media	US/Canada	In-House	N
Allergan	MediaCom	Media	US	Spark Foundry	Y
Audi of America	AKQA	Digital	US	Rauxa, Ixis, SOMO, Designory	N
Belk	In-House	Creative	US	McGarryBowen	Y
Diageo	Barton F. Graf	AOR	Global	FIG	Y
Electronic Arts	Starcom	Media	Global	m/Six	Y
Facebook		Creative	Global	Droga5	N
Facebook (App)		Creative	Global	Wieden+Kennedy	N
Facebook (Instagram)		Creative	Global	Ogilvy	N
Facebook (Messenger)		Creative	Global	Leo Burnett	N
Facebook (WhatsApp)		Creative	Global	BBDO	N
Ferrari North America	BrightWave	Email	US	Raare Solutions, S3 Agency	N
Ferrero Chocolates	Merkley + Partners	Creative	US	Terri & Sandy	Y
General Mills	72andSunny	Agency	Global	Erich&Kallman, Pereira O'Dell, Joan Creative	N
iShares by BlackRock	Sid Lee	Creative	Global	DDB San Francisco	N
Just Eat	m/Six	Media	Global	UM	N
Lindt	Gotham	Advertising	US	Grey New York	Y
MillerCoors	72andSunny	Creative	US	Leo Burnett	Y
Oscar Health		Advertising	US	Chandelier Creative	Y
Pantone	KWT	Communications	Global	Huge	N
Premier Health	DeVito/Verdi	Strategy, Creative	US	Doner	Y
Seventh Generation	72andSunny	Creative	US	Opinionated	Y
Sonic	Goodby Silverstein & Partners	Creative	US		Y
Sony Playstation		Creative	Global	adam&eveDDB	Y
Universal Parks & Resorts		Creative	US	GSD&M	Y
Vision Care Company 1-800 Contacts		Advertising, Marketing	US	R2C Group	N
VodafoneZiggo		Advertising	Netherlands	WPP Go One	N
Walt Disney Co.	Zenith, Assembly	Media	US	OMD Worldwide	N
Wrangler	Toth+Co	Creative	Global	Mother New York	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.*

