

# Industry Update

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

Volume 42

## Executive Summary—Monthly Recap

Buzzwords in 2019 were “Brandformance”, “Storyliving”, “Snackable,” and “Hyper-relevant/targeting.” So 2020 is supposed to bring a bit of maturity to an industry that is sometimes chasing change for change’s sake. Is the agency business still facing a perfect storm of budget reductions, in-housing, talent shortage, and identity crisis? We will see.

CPG giant Procter & Gamble Co., once again the largest advertiser in the world, is in the headlines. Is cutting creative and media budgets truly forcing agencies and marketers to produce higher quality work that has more impact? That’s apparently what led Ad Age (among other reasons, such as the use of disruptive and innovative creative tactics) to select Procter & Gamble Co. as its Marketer of the Year.

The giant advertiser continues to experience solid growth at a time where it’s cutting its agency, production, and media budgets. P&G was also front and center at CES with innovative concepts, inviting us to think about marketing and customer engagement in less traditional ways.



**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

What will 2020 be known for as it relates to talent? Agency simplification and consolidation, the impact of automation and AI, the continued rise of in-house agencies, and mergers and acquisitions activity are the top headlines this year, as they were in 2019. Diversity seems to be a big part of the talent narrative. Diversity, however, is a loaded concept. Age is not as commonly brought up in that context along with gender and ethnicity. Yet agencies and advertisers must consider hiring people of different ages where hard-earned wisdom and experience can be fully leveraged by the entire firm.

- Are these books on your reading list? Per Strategy+Business, the **best business books of 2019** included: Unlocking the Customer Value Chain: How Decoupling Drives Consumer Disruption, The Age of Intent: Using Artificial Intelligence to Deliver a Superior Customer Experience, and Agency Mania: Harnessing the Madness of Client/Agency Relationships for High-Impact Results.
- Per Forrester’s “**Predictions 2020: Agencies,**” expect the following trends: 1) Automation will reshape the agency workforce, but not without sacrifice, 2) The creative process will subsume technology and new tools, 3) New operations-focused leaders will begin centralizing agencies, 4) In-house agencies will absorb even more media capabilities, 5) Independents and mid-size agencies will flourish beyond being specialists.
- Per Ad Age Datacenter and the Bureau of Labor Statistics, **US ad agency employment** rose 28% in the past decade. PR agency employment rose 39%. Job growth has outperformed overall US job growth since 2010.
- **MDC Partners** announced its new network and creative hub, led by Doner, to offer broader services, streamline back-office operations, and promote better cooperation in the delivery of new marketing offerings. It brings together Veritas (with Meat & Produce), 6Degrees Integrated Communications, Yamamoto, Union, KWT Global, and HL Group.
- **S4Capital’s MediaMonks** merged with Delhi-based content creation and production company WhiteBalance, which includes an art content studio as well as in-house film, 3D, and post-production capabilities. The move strengthens the group’s position in the APAC region and India specifically.

- **S4 Capital** acquired Mexico City-based multicultural digital content agency, Circus Marketing (\$38 million in revenue and 350 employees) to expand the firm's footprint and broaden its integrated offering to blue-chip clients.
- **Story Worldwide** acquired VonShine Industries to bolster the brand agency's influencer marketing and social media expertise. The firm is expected to launch StoryScore2.0, a measurement tool to track the creative impact of content.
- UK media agency **The Specialist Works (TSW)** acquired Toronto-based sample distribution and inserts platform Connections from Exact Media (now called Connections by The Specialist Works) to expand its North America presence.
- A digital consultancy and product development company, called **CourtAvenue**, was launched by two digital agency veterans from Rockfish and Mirum. Among other things, the shop employs software engineers and developers to rethink employee and customer-facing applications.
- Leading independent marketing and media consultancy **Ebiquity** acquired digital media monitoring firm Digital Decisions, a solution platform to monitor and optimize digital marketing and media buying across geographies and buying platforms, to expand its offering.
- Healthcare marketing group **W2O** acquired 21GRAMS, a strategic and creative agency specializing in medical advertising, expanding the agency's offering, which includes advertising, patient storytelling, medical education, strategy, analytics, and TV production for 24 of the top 25 global pharmaceutical companies.
- **W2O** also acquired Radius Digital Science to expand the agency's scientific marketing communications services and medical marketing offering. Radius will now operate as W2O radius, under the broader W2O Science network.
- Holding company **Dentsu** cut 11% or 1,400 jobs in seven struggling markets—Australia, Brazil, China, France, Germany, Singapore and the UK—as a result of downgraded revenue and profit forecasts. The layoffs represent 3% of its total workforce. The US is not impacted.
- **Havas Group** acquired London-based management consultancy specialists Gate One, in a move to make Havas a more integrated service provider that can compete with consultancies.
- **Havas Group** acquired Indian experiential agency Shobiz, its third agency acquisition in the country this year (it also acquired Think Design and Langoor).
- **WPP's GroupM** merged its [m]Platform with 2Sixty, the machine science and software development unit housed within Essence, in a move to improve “consistency” and optimize the group's global resources (Search, Social, Programmatic, and Ad Operations) as part of GroupM's restructuring.
- **WPP** sold its majority stake in data analytics and sports marketing agency Two Circles, which sat within WPP's ESP Properties division, an arm of GroupM, to Bruin Sports Capital. Two Circles' clients include the NFL, Premier League, Uefa, Formula 1, and Wimbledon.
- As part of WPP's ongoing streamlining and simplification efforts, several of its digital agencies merged into **Wunderman Thompson**, including Mirum, iStrategyLabs, and Possible.
- **Google** announced its decision to exit Managed Services in the US across Google Display & Video 360, Search Ads 360, Google Analytics 360, and Campaign Manager. Programmatic in-housing is on the rise, but a vast ecosystem of digital agencies and Google partners (like Jellyfish, MightyHive, etc.) can provide managed services.
- **Publicis Media** is close to finalizing its merger of agencies Spark Foundry and Blue 449 in order to create a single unified entity that will retain the Spark Foundry branding, a move initiated by recent Publicis consolidation efforts.
- **Citi** built an in-house creative agency, “a creative center of excellence,” designed to handle go-to-market creative strategy and to speed up communication between its agencies and internal stakeholders.
- **R/GA Ventures** and parent Interpublic launched a new initiative called the RG/A Data Venture Studio, designed to connect companies with startups and fill gaps in their data-management models.
- Purpose-focused agency **Matter Unlimited** acquired experiential shop Agent of Change Events. Both agencies worked on topics like social justice, education, health and wellness, climate change, sustainability and women's rights.
- Per The World Federation of Advertisers and OxfordSM, the **holding-company agency model** doesn't appear to deliver on its core value proposition: better integration and performance.
- **Dentsu Aegis Network** acquired E-Nor, a consulting firm that specializes in Google Analytics and is a major reseller, sales/service partner of Google Marketing Platform with clients like Salesforce, Blue Cross, and Accenture. The firm will fold into Cardinal Path, a consulting group Dentsu acquired in 2016. The combined entity will be able to integrate multiple systems to run cross-channel marketing activities.



## Noteworthy quotes:

- » “I’d like to take credit for replacing the three-piece suit with shorts and sandals.”—Lee Clow, chairman emeritus, **TBWA\Media Arts Lab**
- » “We haven’t commingled our brands. We’ve used open architecture as our go-to-market strategy.”—Michael Roth, CEO, **IPG**
- » “Diversity in all forms leads to better work environments and better ideas. And better ideas lead to success, including financial success.”—Barry Lowenthal, CEO, **The Media Kitchen**
- » “Reinventing advertising means reinventing agency partnerships moving from brand people who outsource too much of their work to brand entrepreneurs with their hands on the keyboard.”—Marc Pritchard, chief brand officer, **P&G**
- » “Over the last decade or two I’ve probably watched 100 agencies be acquired by holding companies and the problem is I have yet to see one that got better.”—Stan Richards, founder and principal, **The Richards Group**
- » “Just because we have this one operating model for an in-house today doesn’t mean that’s going to [be] the same next year or the following year... we have to be agile and be able to pivot at any given point.”—Kwan Yim, director and head of global agency management, **Citi**
- » “We don’t need 500 brands at WPP. We need 12 to 15 really strong brands and maybe we need some smaller boutique brands.”—Mark Read, CEO, **WPP**

## WORK: producing great work and outcomes

The nature of advertising and the work itself is changing as a result of new, more embedded and personalized technologies, as evidenced by CES this year. The largest consumer technology show (CES 2020) once again drew 170,000+ attendees and more than 4,000 exhibitors in Las Vegas displaying the newest, most exciting innovation in consumer products ranging from self-driving cars, short-form streaming services, and DNA-based shopping to “intelligence of things” gadgets in every facet of our everyday life. Main topics ranged from consumer privacy concerns, 5G enabled capabilities and their impact on new applications, new personalized offerings, the emergence of subscription models, and “social media recession” (read: influence marketing slowdown and concerns).

- CPG giant **Procter & Gamble (P&G)** pushed for product innovation with its AI-equipped and internet-connected Oral-B toothbrush that provides detailed brushing feedback, its Lumi baby care system for parents offering digital diapers and video monitoring. The brand also just acquired Billie, the subscription-based shaving brand for women.

- As observed at CES, the **future of TV** might include new technologies and formats, including short-term mobile content (new platform Quibi launching in April), pause ads (AT&T’s advertising unit Xandr), linear addressable (Project OAR), vertical and horizontal orientation TV (Samsung Sero), NextGen TV (Samsung, LG, and Sony), and more.
- **Quibi** is the highlighted anticipated streamer, mobile-first entertainment play (led by CEO Meg Whitman and Founder Jeffrey Katzenberg), from daily essentials to breakout, story-telling shows delivered right to your phone. The short-form (less than 10 minutes) streaming-video service has already achieved \$150 million in ad sales, landing big brand names, per the Wall Street Journal.
- Per AMS, the **top skills that marketers must master** in 2020 (see visual below) are: 1) Aligning the right agency partner to the right assignment, 2) Clarifying SOW expectations through comprehensive planning and resource allocation, 3) Translating needs into regular and clear input briefs to the agency, 4) Influencing great work with ongoing thoughtful and actionable work input, 5) Offering practical and constructive feedback about the performance and relationship, and 6) Nurturing the partnership by being a great collaborator and facilitator.
- Dallas agency **TM Advertising** closed its doors last October after 85 years in business, but then managed to sell the agency’s domain, tm.com for \$1.25 million.
- **Comcast’s NBCUniversal** announced it will offer advertising buys that span linear and digital inventory across all its platforms on local, national, and global levels using One Platform, it’s new unified planning/buying capability.
- **Sam’s Club** acquired the proprietary tech stack developed by WPP’s ecommerce media sales unit Triad Retail Media that the firm had developed for the Walmart subsidiary.
- Per Advertiser Perceptions, **Amazon** continues to be the demand-side platform (DSP) of choice among advertisers, followed by Trade Desk, Google, MediaMath, Adobe Marketing Cloud and AppNexus. 46% of advertisers claim to have used Amazon Advertising in the past 12 months.
- **Papa John’s** Founder John Schnatter filed suit against the company’s former ad agency Laundry Service for breach of contract (confidentiality provisions) and other claims, including that the agency secretly taped conversations.
- Per 4A’s and The 614 Group, 58% of industry leaders consider attracting and retaining the proper talent as the biggest challenge to in-housing **programmatic capabilities**. 41.1% believe in-house talent won’t keep up with the latest developments in ad tech. 53.9% view marketer control of first-party data as the main benefit of in-housing.
- **Twitter** published a report that reveals 18 significant US cultural trends based on tweets, categorized by six key themes: well-being, everyday wonder, creator culture, my identity, one planet, and tech life.



- **Procter & Gamble (P&G)** now plans nearly 30% of its \$7bn global media spend in-house. The brand also handles more creative and production work in-house for some of its brands like Secret. The brand believes this improves creativity, responsiveness, and collaboration.
- **Mondelez International's Oreo** launched its first fashion collection incorporating Oreo imagery, devised in collaboration with European Instagram influencers across 11 markets, in partnership with creative agency Elvis.
- Per The Internationalist, **"What's on the Minds of Marketers- 2020?"** includes technology and marketing (65%), brand growth (53%), changing agency, consulting and in-house roles (50%), creativity and data-driven ideas (50%), consumer insights (50%) and purposeful marketing (50%).

Noteworthy quotes:

- » "If more clients respected the creative process, they would think more about how they treat creatives and the pitch process would change."—Tom Foulkes, marketing director, **Carter Jonas**
- » "We'll work with clients any way they want. There are certain things clients should in-house."—Michael Roth, CEO, **IPG**
- » "The opportunity is to evolve what advertising is."—David Angelo, founder, chairman, **David&Goliath (D&G)**
- » "If you have an Oral-B iO that has all of this AI in it—all this information and telling you exactly where you're brushing every single day—why do you need an ad?"—Marc Pritchard, Chief Brand Officer, **Procter & Gamble**
- » "Incrementalism is not unimportant: industry change takes time."—Brian Wieser, global president, business intelligence, **GroupM**
- » "No one should be expected to devalue and worse, commoditize themselves, their services, and their years of hard work that led to valuable wisdom and knowledge that can be taught to help others."—Lisa Colantuono, president, **AAR Partners**
- » "The challenge for 2020 is getting back to collaboration. 2019 was the year of the controversial headline."—Belinda Smith, head of global marketing intelligence, **EA**
- » "The new agency model has creatives closer to decision-makers."—Warren Marenco Chase, chief operating officer, **Firewood Marketing**
- » "If you care about and truly believe that business-minded creativity drives effectiveness and is impactful for clients, then you need great account people more than ever."—Emily Wilcox, head of account management, **Johannes Leonardo**

- » "No budget. Zero scope of work. Procurement-led. Creative robbery in the form of IP ownership. Murky conflicts of interest. Ghosting. Investment of freelancers to meet tight deadlines. Ludicrous payment terms of 120 days. And, guess what? You're working over the holidays. Welcome to the shitshow. Also known as pitching."—Oliver McAteer, associate editor, **Campaign US**
- » "As more and more client-agency relationships are project-based and many of the AOR relationships that thrive are built on talent-based models that tap into teams across a network, we need to revisit the whole concept of exclusivity across our industry."—Andrew Swinand, CEO, **Leo Burnett Group North America**
- » "From winning business with unsustainable and industry-damaging compensation practices to forfeiting ownership rights, there are far too many agencies making compromising decisions."—Jennifer Hohman, global CMO, **FCB**
- » "We're not going to organize around media channels. We're going to organize around clients. We're going to organize around ideas."—Mark Read, CEO, **WPP**
- » "I still think relationships run advertising and marketing full stop. You've got to be able to share goals and values with the client."—Paul Snoxell, creative director, **Wunderman Thompson**
- » "Maintaining and growing consumer trust is paramount."—Lynne Biggar, CMO, **Visa**

Check out our newest article about mastering agency relationships and the critical skills marketers must master to realize the full benefits of their agency partnerships.

This article and others can be found at: <https://agencymania.com/resources>



## FINANCIALS: driving efficient use of resources

As the old saying goes: “Numbers don’t lie.” Well, let’s at least agree that numbers provide a good optic on the health of our industry and current trends. Everyone speaks to a slowdown of the advertising category, yet projections still indicate a healthy growth, fueled by a strong global economy and major political and sports events on the near horizon (US elections, Olympics, etc.). In the meantime, here are two companies with numbers that are difficult to argue with: Amazon became the world’s most valuable brand at a third of a trillion dollars, and P&G reclaimed its number one spot as the largest global advertiser in the world.

- Per GroupM, the **international advertising market** is expected to slow down its growth in 2020 to only 3.9% (vs. 4.8% last year). Primary drivers: new barriers to global trade and macro-economic uncertainty.
- **GroupM** expects that worldwide advertising will grow in 2020 to \$628 billion, or 3.9% YOY. Zenith and Magna estimate slightly higher growth. Per GroupM, 2021 growth is forecasted at 3.1%, due to the economic slowdown. The US remains by far the largest ad market (\$250 billion). TV and digital combined will account for 80% of all advertising, with digital accounting for 52% in 2020.
- Advertising dollars continued to shift to digital from TV, including search, video, social (the fastest growing category), and display this year. **Digital ad sales** grew 15% and are expected to account for more than half of global ad sales (\$306 billion) per Magna.
- **Procter & Gamble** spent \$10.1 billion on advertising, marketing services, and digital marketing per Advertising Age, reclaiming the number one spot among the world’s largest advertisers, despite cost reductions. The CPG giant is followed by consumer electronics and appliance maker Samsung Electronics Co., the #2 global advertiser, L’Oréal (#3) and Unilever (#4). Procter & Gamble is fourth among the largest US ad spenders at \$4.3 billion.
- **MDC Partners** cut \$30 million in spend by restructuring expenses and assets like real estate and policies. Another \$30-to-\$40 million in costs is being targeted for elimination.
- Per Zenith, an average 6.1% increase is expected in **media prices in 2020**. Price inflation is expected to counterbalance the decline in global audiences for TV. Internet ad spend is expected to keep growing as a category but at a slower pace than the 11% in 2019.
- Per R3, **marketing services-related M&A deals** (489) totaled \$27.7 billion in 2019, down 15% YOY. Publicis Groupe was the most aggressive with its \$4.2 billion acquisition of data giant Epsilon, followed by Bain Capital (with its acquisition of Kantar) and Accenture (with its acquisition of Droga5). Dentsu was the most acquisitive with 12 deals.
- Per Publicis Groupe media agency Zenith, **global programmatic trading** will reach over \$100 billion for the first time in 2019 (or 65% of all digital media), increasing to \$127 billion in 2020 and \$147 billion in 2021.
- Per GroupM, the ad market is increasingly **consolidated** among a small number of tech players—Alibaba, Alphabet,

Amazon, Booking.com, eBay, Facebook, IAC, JD.com, Netflix, and Uber, which account for \$36bn in global spending.

- Per Instascreener, **influencer marketing spend** in the US and Canada grew 83% year-over-year. Fashion Nova was the top spender, followed by vodka brand Ciroc and Flat Tummy Co.
- Per COMvergence, **OMD** was the top-ranked global media agency by billings in 2019 (\$19.6 billion, up 6.1% from 2018), followed by WPP’s Mindshare and Dentsu’s Carat. By holding company, GroupM is top ranked globally, while Publicis Media is number one in the US.
- Per Allied Market Research, the **global video streaming market** will reach \$149.34bn by 2026, as a result of demand in cloud-based video streaming solutions and video game streaming.
- Per the ANA, 60% of advertisers claim that **media rebates, discounts, AVBs**, etc. are not considered as part of the agency’s compensation, and the advertiser receives their fair share return of any rebates. Only 42% claim to receive full and complete details of their agency’s programmatic media costs.
- Per Kantar’s BrandZ Top 100 valuation ranking, **Amazon** became the world’s most valuable brand at \$334.65 billion, or a third of a trillion dollars—the highest amount in the ranking’s 14-year-history. Amazon gained 20% value and is now ahead of both Apple and Google.

Noteworthy quotes:

- » “I lead with a business or leader mindset and I put on my marketing hat when appropriate.”—Janine Pelosi, CMO, **Zoom**
- » “Restructuring has shifted attention away from volume and forced holding companies to attend to integration.”—Greg Paull, principal, **R3**
- » “We also have specialists reviewing quotes to make sure the agencies are using the rate terms, that they’re staffing appropriately, and that the induction costs are also in line with the industry.”—Alessandra Scocco, head of category management, marketing, **Google**
- » “One of the key challenges any CMO has these days is how to balance the short-term and the long-term.”—Fernando Machado, chief marketing officer, **Burger King**

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

In a recent article titled “A Cure for The Common Pitch,” pitch season is compared to the flu season... inevitable and nasty at times, leaving many in dire situations. Not to anyone’s surprise, marketing performance (or lack of thereof) remains one of the major criteria for agency reviews. Yet, performance lacks consistent KPIs at times and the industry is constantly improving and creating new standards. Is bad publicity sometimes good? We all recall the recent Peloton advertising controversy. The ad released in late November was considered by some as confusing, sexist, and classist. The brand experienced a \$942 million (or 9%) drop in market value in a single day amid backlash to its controversial holiday ad on social media.

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- **Procter & Gamble** was recognized as marketer of the year by Ad Age. Primary reasons provided included “ingenuity in creative marketing tactics”, “reduction of its agency, production, and media waste by \$1 billion in less than four years”, “clarity and accountability,” and the “resilience of P&G people.” For example, P&G enlisted a broad array of outside contributors like National Geographic and Arianna Huffington’s Thrive, for documentaries and “micro-habits.”
- Per Ad Age’s 2019 **Marketers of the Year list**, winners were: 1) P&G, 2) Popeyes, 3) White Claw, 4) Target, 5) Barbie, 6) Disney, 7) Ally Financial, 8) Greta Thunberg, 9) Microsoft, and 10) US Women’s Soccer.
- Adweek nominated **Droga5** as the Agency of the Decade, mostly due to its rapid growth (annual revenue growing from \$14 million to \$200 million over the 2010s or 30% growth per year on average) and its reported “dominating creative force” (three-time winner of Adweek’s US Agency of the Year and was crowned Cannes Lions Independent Agency of the Year for 2015, 2016, and 2017).
- **McCann Worldgroup** was named 2019 Global Agency of the Year by Adweek. Key global wins included: eBay, Fujifilm, Sarepta Therapeutics, Saudi Aramco. The agency grew 2.5%, reaching \$2.4 billion in total revenue.
- Beer giant **Anheuser-Busch InBev** announced it’s going through a transformation journey in partnership with its agency partners like Dentsu Aegis Network’s Vizeum. The brand, which spent +\$1 billion in media across 50 markets last year, declined the rumors of a current or imminent media review.
- **The Drum** editorial team’s carefully selected noteworthy agencies of 2019: Rothco, McCann, Droga5, Sparks & Honey, Johannes Leonardo, and Mother.
- **Cannes Lions International Festival of Creativity** added a new Lion to its list of awards: Creative Business Transformation. The new Lion invites consultancies and agencies in experience design, creative innovation, and digital transformation that produce customer experiences and drive operational shifts to a brand’s core business.
- **MediaPost’s 2019 Agency of the Year Awards** Honorees: Mindshare (Media Agency of the Year), Omnicom (Holding Company of the Year), USIM (Independent Agency of the Year), BBDO (Creative Agency of the Year), 360i (Search Marketing Agency of the Year) and Target (Client of the Year).
- Social platform **Facebook** expanded its campaign reporting services to include a cross-account reporting service (reach, impressions, and conversion details for numerous ad accounts) and a custom metric building tool.
- Retailer giant **Kohl’s** incorporated AI into email subject lines and banner ads and its digital media buying to expand results from a trial with Google.
- French born agency, **BETC**, was named international Agency of the Year by Adweek. Clients include Lacoste, Lego, Bouygues, Evian, and Pornhub. Key client wins include Danone-owned Danette, Givenchy, Leclerc, Michelin, Mondelez-owned Prince. The agency grew 7.9% YOY.
- Per COMvergence, **independent media agencies** won 34 of the 138 pitches in 2018 (nearly 25%), representing \$1.9 billion of \$12.3 billion in spend (15%), rising to 56 of 149 pitches (nearly 38%) in 2019. In 2018, 40% of 134 newly appointed/retained creative assignments went to independent agencies, jumping to 44% of the 70 assignments in the first half of 2019.
- Per The Drum, **top independent agencies in the UK** include Jellyfish, Sideshow Group, Brainlabs, Leagas Delaney, George P. Johnson, BBD Perfect Storm, Push, Transmission, The Goat Agency, and Dept.
- **Watson Advertising** built Advertising Accelerator, a dynamic creative optimization (DCO) and AI combined tool that predicts the best ads and quickly tests versions during a campaign.
- Per JP Morgan’s annual holding group **new business rankings** for 2019, Publicis Groupe ranked as number one (second year in a row), mostly fueled by big wins from Disney, LVMH, and Nivea, and an estimated \$77M in additional revenue. Publicis Groupe is followed by Interpublic Group (IPG) and Omnicom.
- Following a pilot/trial in which artificial intelligence (AI) outperformed humans for tasks such as writing ad copy, Chase hired **Persado**, a company that applies AI to marketing creative, for a five-year deal. Chase reported achieving up to a 450% lift in CTRs.
- Per cybersecurity company CHEQ, **online fake news** is estimated to cost the global economy \$78 billion annually. Brands are reported to lose \$235 million annually from unknowingly running ads alongside fake news.

Noteworthy quotes:

- » “Machine learning is the path to more humanity in marketing.”—Kristin Lemkau, CMO, **JPMorgan Chase**
- » “Through a proliferation of tech and network partnerships, independent agencies can compete with anyone globally, whether they’re holding companies or not.”—Andrew Fischer, CEO and co-founder, **Choozle**
- » “If you create something that looks, feels and smells like an ad, it’s probably not a good ad.”—Fernando Machado, chief marketing officer, **Burger King**
- » “There is no reliable shortcut around the investment a strong agency partnership can deliver to a brand’s growth.”—Marla Kaplowitz, president & CEO, **4A’s**
- » “The most common misconception about the embedded model, however, is that simply putting people together in the same space is the solution. It takes a lot more than that. ‘Embedded’ means teams are involved in strategic conversations much further upstream, it means that teams are briefed differently, in many cases, briefing themselves, and openly collaborating on an assignment to the point that ideas can flow more naturally, and decisions are made faster.”—Warren Marenco Chase, chief operating officer, **Firewood Marketing**
- » “If brands truly want the most out of their agencies, they need to give access to whatever they need to make strategic decisions, such as proprietary data and high-level business goals.”—Emily Wilcox, head of account management, **Johannes Leonardo**

Per our friends at COMvergence, key 2019 highlights with media agencies:

# MEDIA AGENCY NETWORKS

## TOP 5 PITCHES 2019

COMvergence has assessed about 20 billion US dollars of media spend reviewed during the year 2019 - representing nearly US \$9B as follows

Client	Media Spend	Agency	Status
Disney	\$2,000M	OMG23, Zenith	MAIN INCUMBENTS
Novartis	\$550M	Starcom	INCUMBENT
Pfizer	\$400M	Publicis Media	INCUMBENT
eBay	\$300M	MediaCom	MAIN INCUMBENTS
LG Electronics	\$260M	PHD	MAIN INCUMBENTS

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Client	Media Spend	Agency	Status
P&G	\$2,750M	Carat, Hearts & Science	MAIN INCUMBENTS
Ferrero	\$450M	PHD, Carat (China)	MAIN INCUMBENTS
Vodafone	\$425M	Wavemaker, Mindshare	MAIN INCUMBENTS
Hyundai/Kia	\$365M	Havas Media	INCUMBENT
Huawei	\$220M	Wavemaker, PHD, Vizeum	MAIN INCUMBENTS

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Client	Media Spend	Agency	Status
Allergan	\$340M	MediaCom	INCUMBENT
Sanofi	\$295M	KWG	INCUMBENT
Signet	\$230M	OMD	INCUMBENT
NFL	\$200M	in-house	INCUMBENT
NBC	\$140M	Essence	INCUMBENT

## DEPARTURES OF GLOBAL HEADS

**MEDIACOM** **TOBY JENNER** Global COO promoted to Global CEO Wavemaker

**essence** **CHRISTIAN JUHL** Global CEO promoted to Global CEO GroupM

**phd** **MIKE COOPER** Worldwide CEO promoted to CEO, OMG APAC & EMEA

**Hearts & Science** **SCOTT HAGEDORN** Global CEO promoted to CEO OMG North America

**PUBLICIS MEDIA** **LISA DONOHUE** Global CEO

**UM** **DARYL LEE** Global CEO promoted to Global CEO Mediabrands

**REPRISE** **TIM RINGEL** Global CEO

**iProspect** **RUTH STUBBS** Global CEO appointed to Wavemaker EMEA CEO

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## APPOINTMENTS OF GLOBAL HEADS

**WAVEMAKER** **TOBY JENNER** Global CEO

**KATRINE GRAUGAARD** Global Head of Marketing

**ANNA HICKEY** Global Client President

**MEDIACOM** **NICK LAWSON** Global COO

**essence** **KYOKO MATSUSHITA** Global CEO

**phd** **PHILIPPA BROWN** Worldwide CEO

**Zenith** **MATT JAMES** Global Brand President

**CARAT** **MICHAEL EPSTEIN** Global CEO

**UM** **EILEEN KIERNAN** Global CEO

**REPRISE** **DIMITRI MAEX** Global CEO

\* Australia, New Zealand, Ireland, India, Qatar and Netherlands were not part of the pitch.

COMvergence's net media spend estimates are sourced from (net estimated) Nielsen / Kantar data.

# MEDIA AGENCY GROUPS/HOLDINGS



## HEADCOUNT AND BILLINGS

Agency Group	Headcount	Projected 2019 Global Billings
WPP groupm	130,000	\$50.05B
PUBLICIS GROUPE PUBLICIS MEDIA	79,850	\$33.78B
OmnicomGroup OMG	70,400	\$31.37B
dentsu dentsu AEGIS network	62,600	\$24.35B
IPG Interpublic Group IPGMB	54,000	\$17.21B
HAVAS MEDIA GROUP havas media	20,000	\$9.08B

\* Projected 2019 Global Billings figures are sourced from COMvergence estimates released in Nov.2019.

## 51 MARCOM AGENCY ACQUISITIONS

dentsu <b>12</b> (19 in 2018) Including <b>Ugam Solutions</b> (1,840 staff)	PUBLICIS GROUPE <b>6</b> (8 in 2018) Including <b>Epsilon</b> (9,000 staff)	<b>2</b> (1 in 2018) Including <b>Jellyfish</b> (780 staff)	<b>1</b> (1 in 2018) Including <b>Inside Ideas Group</b> (1,500 staff)
Accenture <b>7</b> (7 in 2018) Including <b>Dogra5</b> (500 staff)	STAGWELL GROUP <b>3</b> (3 in 2018) Including <b>MDC Partners</b> (6,000 staff)	OmnicomGroup <b>2</b> (3 in 2018) Including <b>Smart Digital</b> (60 staff)	Deloitte Digital <b>1</b> (6 in 2018) Including <b>Pervorm</b> (30 staff)
<b>7</b> (2 in 2018) Including <b>Firewood</b> (300 staff)	HAKUHODO <b>2</b> (5 in 2018) Including <b>Winter Agency</b> (100 staff)	KPMG <b>1</b> (1 in 2018) Including <b>Love Agency</b> (40 staff)	WPP <b>1</b> (12 in 2018) Including <b>AQuest</b> (70 staff)
HAVAS MEDIA GROUP <b>6</b> (3 in 2018) Including <b>Shobiz</b> (330 staff)	No acquisitions recorded for IPG, Capgemini, IBM iX, M&C Saatchi and PwC (Digital Services) in 2019		

## DEPARTURES OF TOP HEADS

groupm	<b>KELLY CLARK</b> Global CEO
Omnicom Mediacom	<b>COLIN GOTTLIEB</b> CEO OMG EMEA Chairman OMD Worldwide
Service Partners	<b>NIGEL MORRIS</b> Global Chief Strategy and Innovation Officer
Service Partners	<b>NICK BRIEN</b> CEO Americas

## APPOINTMENTS OF TOP HEADS

groupm	<b>CHRISTIAN JUHL</b> Global CEO	IPG	<b>PHILIPPE KRAKOWSKY</b> Global CEO while remaining chairman of Mediabrands
	<b>MARK PATTERSON</b> Global COO	PUBLICIS MEDIA	<b>JODIE STRANGER</b> Global Practice Lead, Business Development
	<b>BRIAN WIESER</b> Global President of Business Intelligence		<b>DAVE PENSKI</b> COO, PM Americas, and Chairman, PM Exchange
	<b>JACKI KELLEY</b> CEO Americas	HAVAS MEDIA GROUP	<b>ERIN FLAXMAN</b> Global Chief Growth Officer
	<b>DARYL LEE</b> Global CEO		
	<b>SOFIA COLANTROPO</b> Global Chief Marketing Officer		

For more information about major developments and achievements from these agencies or the above summary, please contact [Lisa Spielman](#).

*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.*



- **Anheuser-Busch InBev** selected Wieden+Kennedy New York as its new AOR to handle its Michelob Ultra brand, replacing incumbent FCB Chicago, which will remain involved.
- **McCain Foods** selected Smith Brothers as AOR for its food service business, following a review. The agency will handle strategic planning, creative, production, media, analytics, and web development.
- **Marriott International** appointed award-winning agency Alma (which is part of DDB Latina) as its social media AOR for the Caribbean and Latin American region across its 30 global brands, following a review.
- Beans maker **Bush Brothers & Co.** selected a new integrated and strategic AOR, Interpublic Group of Cos.' Carmichael Lynch, replacing 23-year incumbent MDC Partners-owned Doner, following a review.
- Real estate company **Zillow** selected New York shop Fig (originally Figliulo & Partners) as its lead creative agency, following a review, replacing incumbent since 2012, Interpublic Group of Cos.' Deutsch Los Angeles.
- International real estate franchisor **RE/MAX** selected Knoxville-based Tombras as its media AOR, following a review and replacing incumbent Dentsu Aegis Network-owned Carat. The agency will collaborate with creative AOR Havas's Camp + King.
- The **Kraft Heinz Company's** Philadelphia Cream Cheese brand selected Miami-based indie shop Gut as its creative AOR. The agency previously worked with the brand on a project basis.
- Car maker **Audi** retained BBH London, its AOR for four decades, to handle its creative account, following a review against Engine. BBH will collaborate with the brand's new global advertising agency, MDC Partners' 72andSunny and its Amsterdam office, as well as Audi's media AOR, PHD.
- **Boston Beer Company** hired The Martin Agency as its AOR for its Twisted Tea hard iced tea brand, replacing incumbent Barton F. Graf, which is closing doors. The agency's "highly relevant, culture-bending work for other consumer-focused brands" was cited as the primary reason for the assignment.
- **Hawaiian Airlines** selected Interpublic Group of Cos.' Mediahub (for media) and MullenLowe (for creative), to handle its media and creative duties, following a review and replacing incumbents Anthology Marketing Group and Publicis Sapient.
- **GSK** consolidated its Pfizer consumer healthcare media business (estimated at \$400+ million with brands including GSK's Sensodyne, Voltaren, and Panadol, and Pfizer's Advil, Centrum, and Caltrate) under Publicis Media without a review, replacing incumbents WPP's Mindshare and Dentsu Aegis Network. The work will be handled by the bespoke platformGSK entity launched by the Groupe last year after winning the media account.
- The **US Navy** kicked off its review of its advertising and marketing recruitment contract scheduled to take effect in May 2021 (initial one-year term with annual renewal options for four additional years). The last contract was awarded to WPP's Y&R (now part of VMLY&R) back in 2015 and is now up for review.
- Natural and organic meats producer **Applegate** hired independent New York-based shop Terri & Sandy as its creative AOR, following a review. The brand previously worked on a strategic project with the agency as well as other creative agencies on a project-by-project basis.
- LVMH Moët Hennessy Louis Vuitton-owned beauty retailer **Sephora** kicked off a review of its North American media account. Parent company LVMH selected Dentsu Aegis Network as its media AOR across all brands last year. Incumbent Dentsu Aegis Network is defending.
- **Pinterest** hired Interpublic Group of Cos.' Mediahub and MDC Partners-owned 72andSunny as its respective media and creative agencies of record following separate reviews. The brand previously handled creative work in-house and worked with Giant Spoon on media.
- **Marks & Spencer (M&S)** selected NMPi to handle the brand's social and display advertising account, replacing incumbent GroupM's Mindshare.
- **Bayer** added Interpublic's MullenLowe Group to the agency roster for its consumer health division, following a review and replacing incumbent BBDO. The agency will handle brand and digital strategy and creative development. Omnicom's BBDO will continue to work on other Bayer Consumer Health brands.
- Spirit company **Brown-Forman Corporation** selected Energy BBDO as its global creative AOR for the majority of its global brand portfolio including Jack Daniels, following a review and replacing incumbent Havas's Arnold.
- Spice and seasonings marketer **McCormick** selected Publicis Groupe agencies (Leo Burnett for creative and Publicis Media for media and ecommerce) to handle creative and media duties in Europe, Middle East, and Africa regions after a review. The agency created a custom unit called Publicis Kitchen.
- Insurance giant **AXA** hired WPP (Wavemaker for all geos, except France handled by GroupM) to handle its global media business, following a review and replacing incumbent Havas. Publicis Groupe retained global creative duties but will handle media in a few geos.
- Airline conglomerate **The Lufthansa Group** selected Mindshare as its new global media AOR after a review, replacing 20-year incumbent GroupM. The agency will handle work for the flagship brand and other brands, including Austrian Airlines and Swiss Air Lines.

- **Kimberly-Clark** selected Accenture Interactive (and its agency Droga5) as its lead creative AOR for its baby and childcare business (Huggies, Pull-ups and Green Finger) in the US, Europe, Middle East, and Africa, replacing incumbent WPP. The new agency will provide a “bespoke, integrated operating model” to K-C. WPP retained the account in the Asia Pacific region and Canada. The agency will collaborate with WPP’s Mindshare, the brand AOR for media.
- Insurer giant **State Farm** selected Omnicom-owned The Marketing Arm as its brand creative AOR, replacing incumbent and sibling DDB Chicago. Omnicom-owned DDB will continue to work with the brand, alongside other agencies like Translation, Alma, Rogers Townsend, Fluent 360, and others. Both long-term partners—The Marketing Arm and DDB—will continue to collaborate with media AOR, OMD.
- **CKE Restaurant Holdings** (which owns Carl’s Jr and Hardee’s franchises) selected MDC Partners’ 72andSunny as its creative AOR, replacing incumbent Havas and returning to its former creative partner from a few years back.
- Volkswagen Group-owned luxury brand **Audi** selected 72andSunny for a global campaign. The brand will continue working with San Francisco-based Venables Bell & Partners, its creative AOR in the US.
- Skin care company **Beiersdorf** expanded its relationship with WPP (a WPP team comprising Wunderman Thompson, German agency thjnk and the WPP Health Practice), selecting the holding company as its global communications partner for its Eucerin and Hansaplast/Elastoplast brand portfolios, following a review and replacing incumbent Wunderman Thompson, which was lead digital agency for that business. It also appointed Publicis Groupe as the global agency and “marketing transformation” partner for its Nivea brand, following a review. Publicis Groupe created a bespoke unit called “One Touch” to handle the account across 40 markets.
- **Make-A-Wish**, the organization that fulfills wishes for children with critical illnesses, selected Publicis Groupe and its agency Team One as its new brand AOR on a pro-bono basis.
- Global commerce platform **Groupon** chose Omnicom’s TBWA\Chiat\Day New York as its global creative AOR, replacing incumbent O’Keefe Reinhard & Paul.

## Newly released article: Mastering Agency Relationships

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## Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
Anheuser-Busch InBev	FCB Chicago	Brand	Global	Wieden + Kennedy	N
Applegate		Creative	U.S.	Terri & Sandy	Y
Audi	BBH London	Creative	Global	BBH London	Y
Audi	Venables Bell & Partners	Creative	Global (except U.S.)	72andSunny	N
AXA	Havas	Media	Global (except France)	Wavemaker	Y
AXA	Havas	Media	France	GroupM	Y
Bayer	BBDO	Strategic + Creative	Global	MullenLowe	Y
Beiersdorf		Marketing	Global	Publicis Groupe "One Touch"	Y
Beiersdorf	Wunderman Thompson	Communications	Global	WPP	Y
Boston Beer Company	Barton F. Graf	Brand	Global	The Martin Agency	N
Brown-Forman Corporation	Arnold	Creative	Global	Energy BBDO	Y
Bush Brothers & Co.	Doner	Strategic	Global	Carmichael Lynch	Y
CKE Restaurant Holdings	Havas	Creative	Global	72andSunny	N
Groupon	O'Keefe Reinhard & Paul	Creative	Global	TBWA\Chiat\Day New York	N
GSK	Mindshare and Dentsu Aegis Network	Media	Global	Publicis Media	N
Hawaiian Airlines	Anthology Marketing Group	Media	Global	Mediahub	Y
Hawaiian Airlines	Publicis Sapient	Creative	Global	MullenLowe	Y
Kimberly-Clark	WPP	Creative	US/EU/ Middle East/Africa	Accenture Interactive, Droga 5	N
Kraft Heinz Company		Creative	Global	Gut	N
Make-A-Wish		Brand	Global	Team One	N

## Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
Marks & Spencer (M&S)	Mindshare	Advertising	Global	NMPi	N
Marriott International		Social Media	Caribbean/ Latin American	Alma	Y
McCain Foods		Strategic/ Creative/Media	Global	Smith Brothers	Y
McCormick		Creative	Europe/ Middle East/Africa	Leo Burnett	Y
McCormick		Media + ecommerce	Europe/ Middle East/Africa	Publicis Media	Y
Pinterest	Giant Spoon	Media	Global	Mediahub	Y
Pinterest	In-House	Creative	Global	72andSunny	Y
RE/MAX	Carat	Media	Global	Tombras	Y
Sephora	Dentsu Aegis Netowrk	Media	Global		Y
State Farm	DDB Chicago	Creative	Global	The Marketing Arm	N
The Lufthansa Group	GroupM	Media	Global	Mindshare	Y
US Navy	Y&R (now part of VMLY&R)	Advertising + Marketing	U.S.		Y
Zillow	Deutsch Los Angeles	Creative	U.S.	Fig	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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