

# Industry Update

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

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### EXECUTIVE SUMMARY: Monthly recap

The use of generative artificial intelligence (AI) is exploding. Will generative AI change the advertising world as we know it?

Probably. Most brands are looking to boost their marketing via AI tools and resources. Agencies are embracing it at light speed. The technology is having (or has the potential to have) a significant impact on talent and how creatives produce work.

Yet, there are many ethical, moral, and legal considerations to sort out in regard to AI in marketing and advertising. For example, it is believed that AI-generated artwork cannot be copyrighted or credited to an individual author.

There is no other industry that welcomes shiny objects like the ad business. We may reflect back and determine that 2023 was the year AI became mainstream in business but also among consumers.



**Bruno Gralpois**  
Co-Founder and Principal,  
Agency Mania Solutions

**TALENT: Securing the right talent and resources**

The buzz in talent has been about the potential impact of AI on productivity and skills. Agencies are using AI in a variety of ways. For example, iHeartMedia is leveraging AI to power new brand safety tools for podcast advertisers. Many “ChatGPT-like” capabilities are emerging in analytics, like Dealtale’s Marketing Co-pilot or Edelman’s Trust Management Platform, amid a wave of excitement industry wide. Everyone is trying to figure out how to best leverage AI, what the implications are on how we use talent, and how it impacts the work itself. But one thing is crystal clear: No matter your profession in advertising or how you feel about technology in general, you should already be experimenting with AI tools today and anticipating how they might affect what you do and how you do it tomorrow. As Dimi Albers, Global CEO of DEPT, put it, “AI won’t replace people, but people who use AI will.”

- Per GWI, 23% of executives in marketing are interested in **artificial intelligence**, 17% are concerned about AI, and 12% worry that AI will take their job (or those who know how to use AI).
- Per **Gartner**, 80% of marketers will deal with content authenticity and reputation management issues (fake reviews, fake news, brand misinformation, etc.) by 2027 due to large-scale proliferation of AI content generation. It’s estimated that 30% of outbound marketing messages from top brands will be synthetically generated by AI within the next two years.
- **Coca-Cola Co.** reached a deal with management consultant Bain & Company to explore new ways to enhance the creativity of its marketing through OpenAI (and its tools ChatGPT, DALL-E, and Codex). The technology is embedded in Bain’s internal knowledge management systems, research, and processes to improve efficiency.
- **WPP** acquired Satalia, a London-based technology company offering market-leading AI solutions for clients, in 2021. The firm is now part of Wunderman Thompson Commerce, offering custom-made enterprise AI solutions and AI strategy. It developed two products focused on workforce, people resource allocation, and supply chain delivery. WPP builds AI into everything it does, according to the firm, including a video for Nike that showed tennis champion Serena Williams playing past versions of herself.
- Per R3 and its ranking of 2022 **agency new business wins**, the number of global pitches increased 11% last year. In the US, both creative and media pitches decreased in value by more than 40%, combined with a decline in traditional advertising services in favor of e-commerce, data, and performance marketing services and an increase in advertisers awarding projects without making long-term commitments. Publicis Groupe was the top holding company globally with 2,249 wins and a revenue increase of \$804 million as a result of new business, followed by WPP (1,786 wins and a \$425.1 million revenue increase).

- Per ID Comms, **tips on how to select a media agency pitch consultant**:

- 1) A clear ambition, well-articulated
  - 2) Stakeholder alignment all the way
  - 3) Well-engaged process with competitive tension
  - 4) Transparent and accountable (fair to agencies)
  - 5) Perfect preparation for a smooth process
  - 6) Minimizing disruption
- Longtime friend and colleague, and award-winning global marketer, Jim Wallace joined **Blum Consulting Partners** as a key member of the leadership team, after years of partnering with the in-house consulting firm on client projects such as AT&T, Vanguard, and Dell Technologies.
  - London-based holding company **WPP’s** goal is to have 75% of its staff worldwide located on campuses. The group opened five new campuses in 2022 and is expected to open six more in 2023. Travel costs in 2022 were half what they were in 2019.
  - **Simplification** remains a key focus for holding groups, as they consolidate hundreds of agency brands under one umbrella (e.g., WPP’s GroupM Nexus and EssenceMediacom).
  - Ryan Reynolds’ **Maximum Effort** is building a 1.2 million-square-foot production hub and studio just outside of Toronto in an effort to expand the agency’s storytelling capabilities. The facility will be a fully integrated production studio for film, scripted and unscripted reality television, drama series, live action, animated feature films, and a “virtual production campus.”

**New agencies or capabilities, restructures, and reorganizations:**

- **WPP** and SaaS e-commerce platform **BigCommerce** established a strategic partnership offering omnichannel solutions to help clients using tools and its data-feed management platform Feedonomics, as well leveraging APIs and data sets.
- **WPP** partnered with commerce and payments solution firm Stripe and became a consulting partner within the Stripe Partner Ecosystem to support clients with strategy and consulting on a range of initiatives, including digital transformation, product launches, e-commerce design and development, mobile applications, and payments infrastructure.
- WPP-owned **Wunderman Thompson** launched its commerce and technology division, Wunderman Thompson Commerce & Technology, which includes its end-to-end commerce company Gorilla Group. The division now includes over 4,200 employees with core capabilities in strategy and consulting, commerce experiences, commerce media, data insights, and technology enablement.

- Interpublic Group (IPG) announced that global media agency **Mediahub** is being aligned under its media holding company, Mediabrands, alongside fellow media agency networks UM and Initiative. As award-winning agency Mediahub looks to further evolve its offerings and expand globally with clients, the alignment provides a strong infrastructure for the agency's continued growth and development.
- Omnicom-owned DDB launched **The Uncreative Agency**, the world's first fully automated creative agency. According to the agency, two creative proposals are generated every minute, without human interaction or a budget. The concept originated from RAND, DDB's newly created dedicated Hybrid Creative Platform.
- Formerly Omnicom-owned unit (part of DDB Europe) **DDB Fresh** was rebranded as Imminent and spun off as an independent agency. The agency was known as "the world's first fashion-innovation agency for non-fashion brands."
- **Havas Germany** moved to operating under a single brand umbrella, merging Havas Düsseldorf, Havas Hamburg, and Havas Munich into one entity in a move to offer clients more flexible and agile working models and less silos and administrative efforts.
- Volkswagen Group-owned luxury auto brand Audi formed a 50-50 joint venture, called **Audi RED** (for Rapid Experience Development), with its Toronto-based digital design and development AOR Bimm (which is part of a group of agencies known as the Kyu Collective). The joint venture will handle digital design and development, including upgrading dealer websites in the US and Canada.
- **Dentsu Creative** launched a branded content and entertainment offering and an investment fund focused on financing original gaming, scripted and unscripted TV, and film content. The core of the new unit is Dentsu's previous entertainment business, The Story Lab, and includes 200 entertainment specialists across 13 markets.
- **Dentsu** launched its "Dentsu shop," a fully integrated retail accelerator, drawing upon the best of the network's commerce capabilities across CXM, media, and creative, including Merkle's New Stream Media, loyalty solutions, and globally scaled commerce capability along with Dentsu's retail media activation expertise.
- **Stagwell** folded digital and engineering firm YML into Code and Theory Network to blend tech expertise with its creative shop, along with Kettle (production and creative), Rhythm (CRM), Truelogic (near-shoring), and Mediacurrent. The move aligns a network of 2,000 professionals, boasting 50% engineers and 50% creative talent.
- Stagwell-owned **Concentric Health Experience** and **Scout Health** have joined forces to become ConcentricLife, bringing together the two most-effective, fully integrated specialty agencies focusing on all aspects of health and wellness, pharma, and rare disease—covering both consumer and professional.
- **Madison and Wall**, a new media and advertising consultancy for investors, private equity firms, and other industry players, has launched, led by Brian Wieser, former global president of business intelligence for WPP's GroupM.
- New LA and NY-based experiential marketing agency **The Ev&Ex Agency** has launched. The firm, led by industry veterans, offers events and experiential services, including live production, pop-up activations, event production, brand activations, digital experiences, virtual and hybrid events, booth design, and sponsorship sales.
- In-house firm **Oliver** (part of The Brandtech Group) launched a new unit, InKroud, that brings together culturally immersed talent dedicated to fostering genuine representation and authenticity with brands. It built tools such as Culture Checks (to identify cultural nuances that connect diverse communities to mass brands) and Creative Workshopping (audits of existing assets to assess cultural gaps, relevance, tone of voice).
- **Spectrum Reach** launched a video production platform built on generative AI technology, allowing small and midsize business clients to generate "ready to air" for TV and streaming spots with AI-produced voiceover based on the chosen tone of voice. The whole process, from query to creation, takes five minutes or less.

#### Responsible advertising (diversity and inclusion, environment):

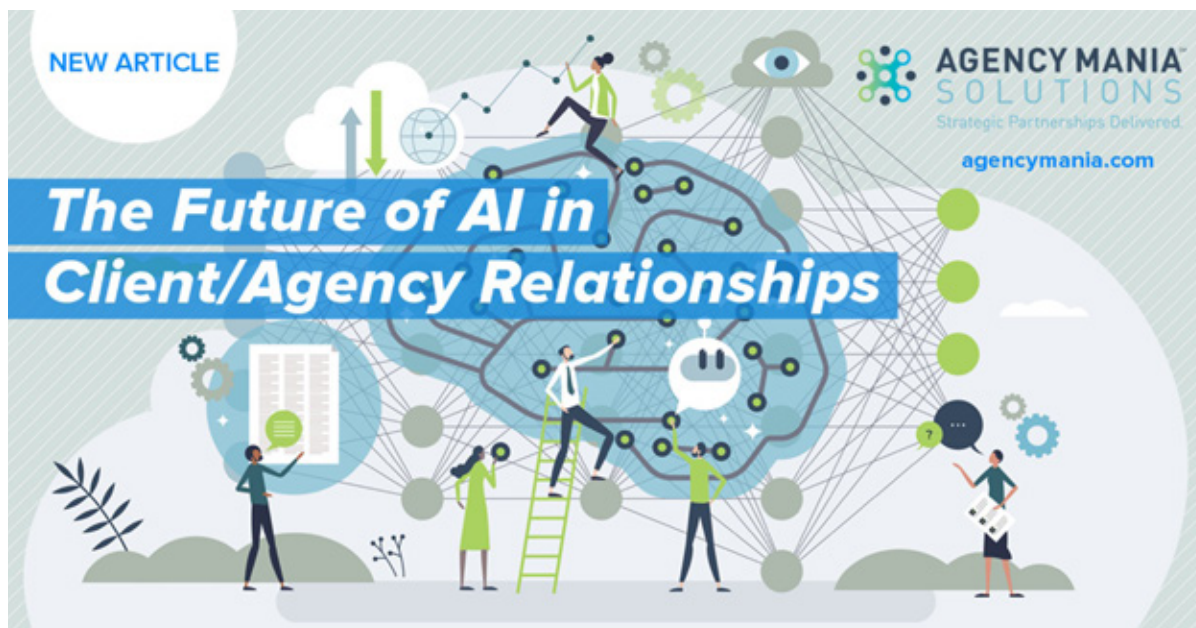
- The **American Association of Advertising Agencies (4 A's)** recently published an environmental, social, and governance (ESG) guidance white paper to help agencies navigate regulatory and reporting guidelines for ESG compliance (with 600+ ESG frameworks and standards around the world).
- Industry group **Ad Net Zero** launched its US chapter, which aims to reduce advertising's carbon impact, including issuing industry standards, a carbon calculator, online training, global summits, industry awards, and more.
- WPP media group's **GroupM** upgraded its carbon calculator to measure the carbon footprint of client campaigns more accurately via a new partnership with Scope3, a company that offers vendor-level data within programmatic advertising to see real results in reducing carbon emissions.
- **WPP** has been named in the 2023 Bloomberg Gender-Equality Index for the fifth consecutive year, demonstrating commitment to improving gender equality in the workplace.
- The new venture **X\_Stereotype**, a platform that uses AI to assess bias in advertising, has launched, from serial entrepreneur Larry Adams. The platform relies on data that analyzes and ranks commercials, social media posts, branded content, PR messaging, and other forms of advertising based on their inclusivity.



- “This type of coordination among the holding companies’ operating agencies is becoming more common because the engineering resources (both talent and budgets) are precious commodities.”  
—Jay Pattisall, VP/Senior Agency Analyst, **Forrester**
- “I always say great creative, it’s like a drug. If you give anybody a little taste of it, they’ll never not want it.”—Susan Credle, Global Chair and Chief Creative Officer, **FCB Global**

#### Company profiles:

- **The Uncreative Agency** is a fully automated creative agency that was formed out of the many hybrid creativity tools sourced from DDB’s RAND and DDB’s Hybrid Creativity Platform and developed by DDB EMEA’s chief strategy officer, George Strakhov, and a team from Nord DDB. The agency can generate a creative proposal in matter of minutes. No humans, no delays, no budget. It has already been used by people from all corners of the globe, including senior executives at Coca-Cola, Heineken, Salesforce, Google, Nike, the UK government, Accenture, Deloitte, and the Australian government. The site has a waitlist and asks users two key questions: What do you need AI-assisted creative tools (such as idea-generation tools) for? And how much are you prepared to spend on AI-assisted creative tools (such as idea-generation tools) per month in USD?
- **Zambezi** is an LA-based integrated and independent creative communications agency owned by women. Services include brand strategy, cultural/consumer insights, creative development, communications strategy, media planning/buying, consulting, and content production. The agency is committed to fostering an environment where differences (gender, race/ethnicity, etc.) are welcomed. Clients include Under Armour, Google, Netflix, DirecTV, Beats by Dre, US Golf Association, Ultimate Software, Venmo, Autotrader, The Venetian, and Hubert’s Lemonade.
- **O’Keefe Reinhard & Paul (OKRP)** is a Chicago-based independent creative agency founded in 2013 that offers services in advertising, video production, design, and creative. The agency aims to deliver big brand creativity with the prowess of a startup, sticking to four rules:
  - 1) Be nimble, be quick, be prolific
  - 2) Practice “the high art of selling”
  - 3) Put the “agent” in advertising agency
  - 4) Have soul
 Clients include Burger King, Cars.com, Home Chef, ACE, Nike, Groupon, Taco Bell, and Pizza Hut. The agency was named Burger King’s US Creative AOR in 2022. It launched a Black-owned production and content studio called Putney.



Check out our new article, “**The Future of AI in Client/Agency Relationships**”: AI has the potential to fundamentally improve the way we produce advertising. How will AI also impact client/agency relationships?

## WORK AND PERFORMANCE: Driving better work, stronger performance, and value from the partnership



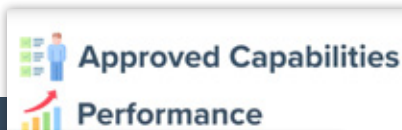
The Super Bowl generated a lot of discussion as it always does. The competition for audience measurement and most-liked ad generates much visibility, and since there are different measurement systems (Nielsen, iSpot.tv, USA Today Ad Meter) we end up with different outcomes. We all have our favorites. Industry experts dissect each one and extrapolate implications on hot topics from diversity and inclusion, the environment, ad inflation, pre- and post-performance, cultural sensitivities, and more. It's always hard to decide which Super Bowl spots were most impactful. A few standouts: The Ben Affleck–Jennifer Lopez Dunkin' spot and the General Motors–Netflix ad received many accolades. Melissa McCarthy's Booking.com ad was the most-watched Super Bowl ad on YouTube. Everyone has an opinion. Everyone becomes an expert. No matter how you measure (views, likability), everyone seems to agree that The Farmer's Dog was a clear winner.

- Thirty-second spots during the **57th Super Bowl** on February 12 cost between \$6 million and \$7 million. The broadcast turned out to be the TV's third-most "watched TV show" ever at 113 million viewers, when totaling all linear TV and digital platforms.
- Fox's 113 million viewers—**up 1% from the 2022 game** on NBC—came from the Fox Television Network, Fox Deportes, and Fox and NFL digital platforms.
- Per Ad Age, one of the **biggest marketing winners of the Super Bowl** was not one of the 50-plus advertisers paying for commercial time during the game, but the buzz generated by Rihanna's beauty line, Fenty Beauty, and her lingerie brand, Savage X Fenty, during the singer's halftime show performance. While brands spent up to \$7 million for a 30-second ad spot, Rihanna didn't have to. Before she left the stage, one of her dancers handed Rihanna a Fenty Beauty Invisimatte product so she could quickly touch up her makeup before performing "All of the Lights."
- In a new ad format on display during the Super Bowl, **Google's video site YouTube** sold brands the opportunity to take over its masthead for an hour at a time (vs. its traditional on a cost-per-thousand impressions basis).
- Per Chief Outsiders, chief marketing officers consider the **most important tasks for ChatGPT** to be content creation and management, followed by market research, competitive insights, and digital marketing.
- **Nestlé** used its AI-driven platform developed by CreativeX to discern the best audience and channel for each ad, which has improved Nestle's return on marketing investment. The tool ranks ads based on their suitability to different platforms and optimizes creative assets and key elements.
- **Uber** launched Uber Journey Ads, its in-app advertising offerings now used by over 315,000 businesses and generating a \$500 million annual revenue run rate. The company expects to reach \$1 billion in advertising revenue in 2024.
- Per Pwc, here is what's most important to **CMOs in 2023**:
  - 1) Personalize to aid customer loyalty
  - 2) Tailor tech investments for results
  - 3) Mobilize modern marketing
  - 4) Fulfill brand purpose
  - 5) Fuel growth with proactive pricing
  - 6) Active insight with analytics
- Per P&G, the **future of media** involves better programmatic buying tools and algorithms to find custom "smart audiences," better use of first-party data and analytics, better control of how often the same people see the same ads, and more unduplicated reach through increased spending on such things as streaming networks, retail search, and immersive formats, like gaming.

## Need a better way to manage your agency roster?

You already have the right partnerships in place, but do you need to more effectively manage your existing roster of agencies? There is a better way.

Check out our new video explainer about [RosterDeliver](#).



You need reliable, up-to-date information.



- **Heinz** created a lightning-fast spot of 0.57 second (a reference to “57” on its bottles) with agency Rethink, encouraging viewers to slow down—and score a hidden DoorDash code.
- Per WPP, there are **six categories of technology where AI** is useful:
  - 1) Task automation
  - 2) Content generation
  - 3) Human representation
  - 4) Extracting complex insights/predictions from data
  - 5) Complex (better) decision-making
  - 6) Extending the abilities of humans (e.g., enhanced performance)
- Per Gartner, **seven technologies** will disrupt sales and marketing by 2027:
  - 1) Multimodality (by 2030, sellers will only manually enter information into applications if they so choose)
  - 2) Generative AI (30% of outbound messages from large organizations will be synthetically generated by 2025)
  - 3) A mix of augmented and virtual realities (by 2025, 80% of interactions will occur in digital channels)
  - 4) Emotion AI (AI identification of emotions will influence 30% of the messaging a buyer receives by 2025)
  - 5) Digital twin of the customer (digital twin-enabling software and services are expected to reach global revenue of \$150 billion by 2030)
  - 6) Digital humans (by 2026, 50% of B2B buyers will interact with a digital human in a buying cycle);
  - 7) Machine customers (one-fifth of revenue will come from machine customers by 2030)
- Global independent marketing consultancy **R3** launched a suite of digital tracking services (SocialTrack, InfluencerTrack, eCommTrack, and SearchTrack) to help marketers assess how their social, influencer, search, and e-commerce marketing measures up against others in their industry
- Per **USA Today Ad Meter’s Super Bowl commercials**, the top 10 ads were:
  - 1) The Farmer’s Dog “Forever”
  - 2) NFL “Run With It”
  - 3) Amazon “Saving Sawyer”
  - 4) Dunkin’ “Dunkin’ Drive Thru”
  - 5) PopCorners “Breaking Good”
  - 6) Bud Light “Bud Light Hold”
  - 7) T-Mobile “Neighborly”
  - 8) He Gets Us “Be Childlike”
  - 9) Disney “Disney100 Special Look”
  - 10) Workday “Rock Star”
- Per **CBS Sports top 2023 Super Bowl commercials ads**:
  - 1) Crown Royal “Thank You Canada”
  - 2) Google Pixel “Fixed on Pixel”
  - 3) Bud Light “Easy to Drink, Easy to Hold”
  - 4) Coors vs. Miller vs. Blue Moon
  - 5) General Motors “Why Not an EV?”
- **Top 10 Super Bowl spots on YouTube** (based on game-day views):
  - 1) Booking.com: Melissa McCarthy “Somewhere, Anywhere,”
  - 2) T-Mobile “New Year. New Neighbor” featuring John Travolta
  - 3) Skechers “Skechers x Snoop Dogg,”
  - 4) FAST X “Official Trailer – Extended Cut,”
  - 5) Google “#FixedOnPixel” with Amy Schumer, Giannis Antetokounmpo, and Doja Cat
  - 6) Rakuten “The Extended Cher Cut” with Alicia Silverstone
  - 7) Kia America “Binky Dad,”
  - 8) Pepsi “Great Acting or Great Taste?” featuring Steve Martin
  - 9) Avocados From Mexico “Make It Better” featuring Anna Faris – Long Version
  - 10) Paramount+ “Stallone Face” featuring Sylvester Stallone
- Per **LBBOnline, Little Black Book all-time League Table of Creativity Top 10 list** (in priority order):
 

1) AMY BBDO	6) mother
2) McCann North America	7) 72andSunny LA
3) adam@eveDDB	8) Impact BBDO
4) Droga5 NY	9) BBDO NY
5) Publicis Italy	10) FCB Chicago
- The **Drum’s top 5 Super Bowl ads**:
  - 1) Michelob Ultra
  - 2) Rakuten
  - 3) PopCorners
  - 4) Uber
  - 5) Paramount+

#### Awards:

- **Fast Company** named its top 10 most innovative advertising companies:
  - 1) Giant Spoon
  - 2) TBWA Worldwide
  - 3) Wieden+Kennedy
  - 4) Majority
  - 5) Ogilvy
  - 6) The Martin Agency
  - 7) Johannes Leonardo
  - 8) Mischief @ No Fixed Address
  - 9) MNTN
  - 10) WPP

Giant Spoon took the top spot for “turning marketing upside down,” followed by TBWA Worldwide for “making brands shine on the gridiron.”

**Noteworthy quotes:**

- » “We started using ChatGPT for parts of the process like briefing creators.”—Ryan Detert, CEO, **Influential**
- » “Every time we’ve married the human with the technology, we’ve got a better result than either of the two alone.”—James Quincey, CEO, **Coca-Cola**
- » “Bud Light at #1 most talked about brand during the game. That’s a big thing. Just like Bud Light, it’s hard to make but easy to enjoy.”—Marcel Marcondes, Global CMO, **AB InBev**
- » “Agencies shouldn’t view AI as a threat to creativity, but instead see it as another option in the myriad of effective tools at the disposal of creatives to do great work.”—Judith Carr-Rodriguez, Partner and CEO, **FIG**
- » “To me it’s not about if AI is creative or not, but what people and talent it rubs up against. It’s about how we can get to better ideas faster.”—Andreas Dahlqvist, Chief Creative Officer, **Nord DDB**
- » “We’re handing the keys to the kingdom over to ChatGPT.”—Noel Cottrell, Partner and Creative Chair, **Giant Spoon**
- » “Data and AI also work together in a synergistic way. By harnessing the effectiveness of data, combined with human insight, it pushes the boundaries of creativity, to ultimately create change.”—Judith Carr-Rodriguez, Partner and CEO, **FIG**
- » “As work shifts from retainer to project-based, there’s no longer a justification for category exclusivity when a long-term commitment is not offered.”—Marla Kaplowitz, President and CEO, **4A’s**
- » “The Super Bowl was viewed as a festival for TV. Now it’s almost like the flagship for an integrated effort across media channels.”—Luis Miguel Messianu, McDonald’s Global CCO, **DDB**
- » “We’ve reached an inflection point where everyone—not just us tech nerds, but regular people as well—has been captivated by the abilities of AI today.”—Wesley ter Haar, Co-Founder, **MediaMonks**
- » “Creativity comes from creative collisions. If you cannot interact, you cannot create.”—Carl Johnson, Founding Partner and Executive Chairman, **Anomaly**
- » “[My focus is to] create a collaborative culture that allows us along with our agency partners to do the best work of our careers.”—Sofia Colucci, CMO, **Molson Coors**
- » “The questions are endless: is there bias in generative AI; are we optimising for the right KPI; what happens if we have toxic combinations of data; and what happens if we extract insights that we should not be able to access?”—Daniel Hulme, CEO, **Satalia**
- » “As things get crazy, and they probably will in 2023, remain calm, remember to breathe. Make sure you know your brand inside and out, keep an eye on the horizon, and don’t forget the things that aren’t changing (even if nobody is talking about them).” —Christian Cocker, SVP and Executive Strategic Planning Director, **RPA**
- » “For us, the magic occurs when you combine human insight—and cultural insight—with this ability to generate content with machines.” —Stephan Pretorius, Chief Technology Officer, **WPP**

**ARTICLE: 20% the Marketing Procurement Podcast**

Contributed by: Advertising Production Resources (APR)

As an advertiser, you have the right to receive unbiased recommendations; you have the right to ask questions; you have the right to transparency on fees; and more.

In this Marketing Procurement Series Podcast, Jillian Gibbs of APR joins 20% to lay bare her client bill of rights and much more.

**Click here** to listen.





## FINANCIALS: Driving efficient use of resources



Global economic challenges, including the war in Ukraine, the COVID-19 pandemic, inflation, interest rates, and supply-chain disruptions, are causing economic uncertainty and volatility. For holding companies, 2022 was a strong year, notwithstanding macroeconomic concerns. Their continued focus on driving growth resulted in strong organic results and outstanding margins thanks to effective expense management as a key priority and flexible business models to address uncertainty. Some agencies predict another strong growth year in 2023. Others speak to a “slowcession.” Economic and global spend forecasts indicate a slowdown that agencies and advertisers alike cannot ignore.

- Per PQ Media, **global advertising and marketing spending** is projected to rise 5.3% to \$1.651 trillion in 2023, fueled by growth in streaming audio and podcasting, streaming video, digital out-of-home media, influencer marketing, and digital gaming. The US market is projected to expand 5.9%, to \$659 billion.
- Per ECI Media Management, the **rate of ad-cost inflation in the US** is expected to decline to 4.2% in 2023 from 5.9% in 2022, driven by TV inflation, which will be at 6.8%, offset by brands shifting TV ad budgets to connected TV.
- Per Cortex Media, a “**slowcession**” is the most likely scenario for 2023. Per their Media Market Update 2023 Outlook report, it means the economy “comes to a near standstill but never slips into reverse. A slowcession is also currently considered a better outcome than a recession. However, it could linger from quarter to quarter, or even year to year, much like stagflation did in the 1970s and early 1980s.”
- The **global generative AI market** is expected to reach \$109.37 billion by 2030. Per Gartner, 30% of outbound messages from large organizations will be synthetically generated by 2025.
- Per Madison and Wall, consumer packaged goods corporations Clorox, Coca-Cola, Colgate, and Mondelez made claims about **improved returns on investment associated with advertising budgets**: a 45% increase in advertising return on investment in 2022 over 2019 for Clorox; a 9% increase in gross profit per dollar of advertising spend in 2022 over 2019 for Coca-Cola; 1.3x higher return for digital vs. traditional media for Colgate; and a 36% increase in media ROI in 2022 vs. 2019 for Mondelez.
- Per Ad Age, **Amazon** increased worldwide advertising and promotion spending in 2022 by 22%, to \$20.6 billion (or \$56 million per day), setting a record for annual spending by any marketer. Since the company opened for business (1995), it has spent \$95 billion in advertising and promotion (3.5% of its sales).
- **Alphabet** reported revenue of \$283 billion for the full year 2022, up 10% YOY, but only realized \$76.05 billion in Q4 2022 (of which Google advertising accounted for \$59 billion and YouTube ads for \$8 billion, both lower than the year prior), missing analysts’ expectations by \$440 million. The company recently reduced its workforce by 6% (12,000 jobs).
- Per Sensor Tower, the top 20 **Super Bowl advertisers** with the most invested in digital media spent \$3 million on TikTok, up 400% YOY. They spent 39% more on Instagram, 40% more on YouTube, display and video, and 43% less on Twitter. Facebook investment was flat.
- Per the 4A’s, six ways agencies can address **exclusivity** to reinforce confidentiality:
  - 1) Establish house accounts in different states or cities within a state if the agency has the scale
  - 2) Create physical separation if the agency has multiple floors in a building or multiple buildings/offices within a city
  - 3) Create a separate and secure work area if separation by floors isn’t possible
  - 4) Establish separate agency teams depending on the size of the account,
  - 5) Manage client data access by establishing separate server/cloud accounts,
  - 6) Create separation of entities within the agency (e.g., bespoke name and resources)
- **Dentsu Group** formed a special committee to look into allegations that certain subsidiaries in Japan engaged in bid-rigging activities related to venue management bids for the 2020 Tokyo Olympic and Paralympic Games. Former ADK Holdings president Shinichi Ueno pleaded guilty to bribery charges in the ongoing Tokyo Olympics scandal, admitting to paying ¥14 million (\$104,000) to former Olympic Organizing Committee executive and former Dentsu executive Haruyuki Takahashi.
- The Martin Agency, Variable, Anomaly, Mother, and XenoPsi Ventures are among agencies diversifying services via IP investments, increasing revenue coming from **nontraditional agency services**.
- Per **Ciesco**, there were a total of 2,095 M&A transactions (11 acquisitions above the \$1 billion threshold) in 2022 within the technology, digital, media, and marketing sector, a 20% increase YOY. The digital media, marketing technology, and digital agency sub-sectors, as well as the US and UK, were the most active M&A markets. The six largest advertising holding networks made 30 acquisitions in total, an increase of 100% over 2021 (15). Havas was most active with eight deals completed in 2022. WPP acquired seven companies; Publicis, six; Dentsu, five; Omnicom, three; and IPG, one. Acquisitions were mostly in digital marketing and experience, data, research, e-commerce, creative services, and healthcare communications. Among consultancies, Accenture and Deloitte led the way with six deals each.

## Holding company financial performance:

- **WPP** reported £14.4 billion in revenue for 2022, a 12.7% increase YOY, driven by gains in communications, customer experience, commerce, data, technology and new business of \$5.9 billion, including new assignments with Audible, SC Johnson, and Verizon. All major agencies grew in 2022. Organic growth was 6.9% YOY. WPP was to pay £424 million in annual bonuses. WPP was deemed the most creative company at 2022 Cannes Lions. GroupM was ranked as the world's leading media group, with total net new business of \$5.9 billion in 2022. The firm completed £237 million in acquisitions and realized annual cost savings of £375 million. Ogilvy, AKQA, Hill + Knowlton, Landor & Fitch, and Hogarth were among the strongest agencies in the portfolio—each delivering double-digit growth. Experience, commerce, and technology now constitute 25% of the firm's business. Operating margin reached 14.8%. Among WPP's top-30 clients, only one chose to pull back some budget for 2023. The group forecasts between 3% and 5% growth in 2023.
- **Publicis Groupe** reported double-digit revenue growth for the second consecutive year with net revenue of 12,572 million euro, a 20% YOY increase. Full-year 2022 organic growth was 10.1% after a strong end to the year with Q4 at +9.4%. Epsilon and Publicis Sapient grew at 12% and 19% organic, respectively, in 2022. The US market grew organically by 10%, Asia Pacific by 6.5%, and Europe by 12.3%. The operating margin rate reached 18%, with a record bonus pool. The holding company reached N°1 in new business league tables in 2022 for the fourth time in five years. The group expects 3% to 5% organic growth in 2023.
- **Omnicom** reported \$14.3 billion in worldwide revenue with 9.4% organic growth. Q4 revenue reached \$3.8 billion, 7.2% organic growth, and 16.6% operating profit margin. Organic growth by discipline in 2022 was 7.3% for Advertising & Media, 17.1% for Precision Marketing, 13.7% for Public Relations, 10.7% for Commerce & Brand Consulting, 7.1% for Healthcare, 4.0% for Execution & Support, and 26.1% for Experiential. Organic growth by region was 8.7% for the United States, 10.9% for the United Kingdom, 9.7% for the Euro Markets & Other Europe, 6.6% for Asia Pacific, 14.1% for Latin America, 9.2% for Other North America, and 33.2% for the Middle East & Africa. The group expects 3% to 5% organic growth in 2023.
- **Interpublic Group** reported revenue of \$10.9 billion, with net organic growth of 7% across all regions (with three-year organic growth of 14%). Full-year net income was \$938 million, with 16.6% margin on revenue. Q4 revenue was \$3 billion. The group's big digital shops—R/GA and Huge—didn't perform as strongly as expected compared to other group units. Strong sectors for the firm remained auto, health, and finance. The group reduced its real estate portfolio given shifts in the company's workforce model, including more work-from-home hours, and is expected to save \$20 million annually. The firm projects between 2% and 4% growth in 2023.

- **Dentsu** reported 4.1% organic revenue growth in 2022, across all its regions (but mostly from the Americas and EMEA), with continued strong demand for Customer Transformation & Technology services. The holding company reported 3.5% growth in Q4 following a decline in Q3. The firm expects 4% to 5% growth in 2023 with an operating profit margin of 17.5%.
- **Stagwell** reported its sixth consecutive quarter of double-digit revenue growth, with organic revenue up 14% YOY, \$2.7 billion in revenue, and \$451 million in EBITDA. The holding company was invited to \$1 billion in new business pitches in 2022, winning \$213 million in new business. The firm is focusing on its Stagwell Marketing Cloud, media studio, and AI solutions, like its AI-driven PR company, PRophet. The firm forecasts organic net revenue growth of 7.5% to 10% for 2023.

## Mergers and acquisitions (M&A) activity:

- **Dentsu Group** acquired Spain's Omega CRM Consulting and its subsidiaries. The firm is being folded into Dentsu's data and analytics subsidiary Merkle to bolster its customer experience management offering. The acquisition turns the combined entity into one of the largest CRM agencies in Spain.
- **Havas** took a majority stake in Mannheim-based HRZN, one of Germany's emerging independent creative agencies for social media and content. The agency provides online-located brand communication—from social media consulting, social listening, and analytics to content, brand experience, and community management.
- **Dentsu's Merkle** acquired Shift7, a B2B experience and commerce agency focused on revolutionizing the digital experience for manufacturers and distributors. Shift7 joins Merkle, a leading technology-enabled, data-driven customer experience management company within Dentsu. Shift7 adds strong B2B Salesforce multi-cloud capabilities and brings more than 129 Salesforce certifications to the Merkle team.

## Noteworthy quotes:

- “WHAT A YEAR it was for this ‘challenger’ network... are we still allowed to call ourselves that?!”—Ryan Linder, Global CMO, EVP, **Stagwell Global**
- “Transparency cuts both ways. Be willing to share your data with your agencies and challenge them to do the same.”—Tiffany Crow, Global Client Services Director, **RightSpend**
- “At the time of year for predictions, forecasts, and resolutions—let's all think beyond just the next 12 months and instead focus on the next 12 years for long-term success.”—Judith Carr-Rodriguez, Partner and CEO, **FIG**
- “Hire agencies by the hour, and it's hard for [the] client or agency to drive the work where it needs to go.”—Susan Credle, Global Chief Creative Officer, **FCB Global**
- “There are fewer creative pitches every day, because clients prefer to add partners or reduce partners on a project basis than completely and radically changing agencies in most cases.”—Arthur Sadoun, Chairman and CEO, **Publicis Groupe**

- “I tell clients all the time that benchmarks are directional—they’re not gospel.”—George Roumanis, Global Partner, Head of the Americas, **RightSpend**
- “Despite efforts from some marketers to cut costs which are unrelated to spending with media owners (so-called ‘working spend’), growth in ad tech and agency activity may convey that marketers implicitly recognize that incremental spending on so-called ‘non-working’ spending can actually make the ‘working’ spend and overall marketing activities significantly more efficient.” —Brian Wieser, Principal, **Madison and Wall**
- “To truly lead the future, Marketing Procurement must push the industry into collaboratively developing standards and guidelines for the critical commercial issues governing client/agency relationships. Only then will they have truly come of age as the enlightened professionals that ensure mutual expectations of transparency, equity, and value are being properly met.”—J. Francisco Escobar, Founder, **JFE International Consultants**

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## R3: Global Creative New Business Wins

Rank This Month	Rank Last Month	Agency	Est. YTD Win Revenue (USD \$M)	Est. Overall YTD Revenue (USD \$M)	# of Wins
1	1	Havas Worldwide	156.2	149.2	363
2	2	Ogilvy	109.9	107.1	489
3	3	VMLY&R	105.3	103.4	269
4	5	Leo Burnett	99.4	98.4	54
5	4	Saatchi & Saatchi	98.1	96.5	107
6	6	R/GA	78.9	78.9	146
7	7	DDB	87.0	77.4	1
8	8	Wunderman Thompson	67.2	65.9	95
9	9	Digitas	57.1	54.6	15
10	10	Publicis Worldwide	43.1	43.1	8
11	11	Dentsu	44.7	41.4	164
12	14	M&C Saatchi	40.9	38.4	46
13	12	BBDO	49.3	37.0	7
14	13	McCann Worldgroup	35.8	35.8	2
15	15	Publicis Sapient	33.8	33.8	8
16	16	MullenLowe Group	37.9	32.9	41
17	17	OKRP	29.0	27.0	6
18	18	Wieden+Kennedy	42.9	26.9	14
19	21	Adam&Eve	28.0	21.5	6
20	19	Barkley	21.0	21.0	4

Per R3, “Publicis Groupe was holding company of the year with 2,249 wins and \$804m in increased revenue, almost double the New Business increase of second place WPP. The holding group’s leading media agency, Starcom, also topped the Media Agency rankings, generating \$165m in

revenue, 60% more than sister agency Zenith in second place. Amongst creative agencies, French shop Havas led with \$156m in overall new business revenue across 363 wins. The value of new business decreased 35% year-on-year, though the number of pitches increased 11% from 2021.”

## R3: Top Global Holding Group Rankings for 2022

RANK	RANK LAST QUARTER	HOLDING GROUP	ESTIMATED CREATIVE YTD REVENUE (USD \$m)	ESTIMATED MEDIA YTD REVENUE (USD \$m)	ESTIMATED OVERALL YTD REVENUE (USD \$m)	AS % OF 2021 REVENUE	NO. OF WINS
1	1	Publicis Groupe	473.5	331.1	804.6	5.5%	2,249
2	2	WPP	256.4	168.7	425.1	2.2%	1,786
3	3	Omnicom	129.7	131.4	261.1	1.7%	795
4	4	Interpublic	164.8	83.7	248.5	2.3%	464
5	5	Havas	149.7	60.3	210.0	10.4%	532
6	6	Dentsu	54.3	143.9	198.2	1.7%	1,175
7	7	Accenture	23.0	0.0	23.0	0.6%	14
8	8	Stagwell Group	-4.5	-6.0	-10.5	-0.6%	43
					2,160	2.7%	7,058

**AGENCY: 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.

- **Alaska Airlines** selected VaynerMedia Los Angeles as its US media AOR following a review. The agency is expected to leverage its “cohort-led approach” and partner with Mekanism, Alaska Airlines’ creative AOR.
- Commercial aircraft, defense, space, and helicopter manufacturer **Airbus** selected Crossmedia as its global media AOR following a review. The agency will handle strategy, media planning, and buying.
- **Adobe** selected WPP’s Wavemaker and Publicis Media as its global media AORs following a review of its \$500 million global b-to-c media business. Incumbent Wavemaker retained the US work, expanding to cover Canada and LATAM. Publicis Media will handle EMEA, APAC, and Japan, replacing incumbent Dentsu. The holding companies will co-operate a new global center of excellence.
- **Ancestry** selected Wieden+Kennedy as its lead creative AOR in the US following a review. The brand previously handled work in-house. The agency also will handle work in the UK and Canada.
- Paris-based electronic device and appliance refurbisher company **Back Market** selected GroupM’s Wavemaker as its global media AOR following a review. The brand previously worked with local media agencies around the globe.
- Plant-based energy drink company **BACX** selected London-based Harbour as its brand and creative AOR. The agency will handle all visual and verbal branding, product design, and communication for the brand.
- **BMW Motorrad USA** selected Tombras as its advertising and social media AOR following a review. The agency will handle brand creative, retail creative supporting dealers, new product launches, cultural activations, social content, and CRM.
- Beer, wine, and spirits company **Constellation Brands** kicked off a review of its media account. Incumbent agency Horizon Media is expected to defend the \$600 million account.
- Grilled chicken restaurant chain **El Pollo Loco** selected Omnicom-owned agency Organic as its brand and digital AOR following a review, replacing incumbent shop Vitro. The agency previously worked for the brand and will partner with Austin, Texas-based Third Ear (formerly LatinWorks).
- **Geico** selected IPG’s Mediabrand as its media AOR following a review to handle its \$1.4 billion account, replacing 20-year incumbent Horizon Media. Prior to the review, Geico handled most of the digital performance, search, and social in-house, and Horizon handled most traditional media. The agency will collaborate with the brand’s longtime Interpublic-owned creative AOR, The Martin Agency.
- **Girl Scouts of the USA** selected San Francisco-based independent agency Venables Bell + Partner as its AOR following a review. The agency will leverage its VB+P’s content and creation studio, Taproom Studios, and will handle brand development, including research, platform, creative development, communication, rollout, and measurement.
- German candy manufacturer **Haribo** selected Minneapolis-based and Stagwell Group-owned Colle McVoy as its shopper marketing AOR. Colle McVoy and its design arm 10 Thousand Design will create retail display graphics and promotional initiatives for the brand.
- Retailer **John Lewis** kicked off a review of its creative account. The brand is parting ways with its agency of 14 years, Adam&Eve/DDB, which handled the work for UK John Lewis-owned supermarket chain Waitrose.
- California-based **Nékter Juice Bar** selected Ntooitve Digital as its AOR following a review. The agency will handle omnichannel digital marketing solutions and provide retargeting campaigns across social media, connected TV, and more.
- Collinson-owned airport-experience company **Priority Pass** selected experiential performance agency Cheil UK as its performance media AOR following a review.
- Restaurant chain **Popeyes** selected creative agency McKinney on a six-month project basis while the brand moves through its RFP process in the US, replacing three-year incumbent Gut.
- **Pfizer** kicked off a review of its massive \$2.8 billion creative, production, PR, and media business as part of a transformation exercise. Incumbents Dentsu’s Carat; WPP’s VMLY&R, Grey, EssenceMediacom, Mindshare, and Wavemaker; IPG’s FCB and IPG Health; and Omnicom’s Rapp, PHD, and TBWA\WorldHealth are all expected to defend. Dentsu’s Carat handles US media.
- **Pegasus Bank** selected Dallas-based Baker & Bonner Creative Emporium as its first branding and creative AOR, without a review. The agency will handle strategy, branding, creative, website, digital, and PR.
- **Puma** selected McKinney as its new global AOR for the brand’s Run/Train business unit, following a review. The agency will handle all strategy and creative work across the Run/Train unit.

- **Philips Domestic Appliances** selected Omnicom Media Group as its global media AOR, replacing three-decade incumbent Carat. The agency will focus on integration, standardization, automation, simplification, and innovation.
- Fruit-based smoothie maker **Smoothie King** hired Kansas City, Missouri-based agency Barkley as its brand and creative AOR. The agency will handle brand and creative strategy and execution.
- Home appliance company **SharkNinja** selected Carat as its media AOR following a review, replacing four-year incumbent PG Mediabrands agency UM. Carat will manage all media planning and buying for the brand in North America.
- **T. Rowe Price** selected Stagwell media agency Assembly as its US media AOR, with a focus on driving value across their full product set to both new and existing customers and delivering an overall more integrated customer experience.
- Texas-based workspace furniture company **Vari** selected 9thWonder as its media AOR. The agency will handle branding, awareness, and lead generation.

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Agency roster summary:

COMPANY LOGO	CLIENT	INCUMBENT	CHANGE/SCOPE	FOCUS AREA	NEW AGENCY	REVIEW?
	Adobe	Dentsu	Media AOR	EMEA, APAC, Japan	Publicis Media	Y
	Adobe	Wavemaker	Media AOR	US, Canada, LATAM	Wavemaker	Y
	Airbus	Unknown	Media AOR	Global	Crossmedia	Y
	Alaska Airlines	Haworth Marketing + Media	Media AOR	US	VaynerMedia Los Angeles	Y
	Ancestry	In-house Creative Team	Creative AOR	US, UK, Canada	Wieden+Kennedy	Y
	Back Market	Local Media Agencies Worldwide	Media AOR	Global	Wavemaker	Y
	BACX	Unknown	Brand and Creative AOR	Unknown	Harbour	Unk
	BMW Motorrad USA	Unknown	Advertising and Social Media AOR	US	Tombras	Y
	Constellation Brands	Horizon Media <i>(expected to defend)</i>	Media	US	Review in Process	Y
	El Pollo Loco	Vitro	Brand and Digital AOR	US	Organic	Y
	Geico	Horizon Media	Media AOR	US	Mediabrand	Y
	Girl Scouts of the USA (GSUSA)	Unknown	AOR	US	Venables Bell + Partner	Y
	Haribo	Unknown	Shopper Marketing AOR	US	Colle McVoy	Unk
	John Lewis	Adam&Eve/DDB <i>(will not defend)</i>	Creative	UK	Review in Process	Y
	Nékter Juice Bar	Unknown	AOR	US	Ntooitive Digital	Y
	Pegasus Bank	None	Branding and Creative AOR	US	Baker & Bonner Creative Emporium	N
	Pfizer	VMLY&R, Grey, EssenceMediacom, Mindshare, Wavemaker, FCB IPG Health, Rapp, PHD, TBWA\WorldHealth <i>(expected to defend)</i>	Creative, Production, PR, Media	Global	Review in Process	Y
	Philips Domestic Appliances	Carat	Media AOR	Global	Omnicom Media Group	Y
	Popeyes	Gut	Creative	US	McKinney <i>(6-month project basis while in RFP)</i>	In Process
	Priority Pass	Unknown	Performance Media AOR	Global	Cheil UK	Y
	PUMA (Run/Train)	Unknown	AOR	Global	McKinney	Y
	SharkNinja	UM	Media AOR	North America	Carat	Y
	Smoothie King	Unknown	Brand and Creative AOR	Global	Barkley	Unk
	T. Rowe Price	Unknown	Media AOR	US	Assembly	Unk
	Vari	Unknown	Media AOR	Global	9thWonder Agency	Unk

Unk= Unknown