

Industry Update

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

October 2019 | Volume 40

Executive Summary—Monthly Recap

Growth, growth, growth. This is at the center of every major event in the advertising industry. Brand advertisers are laser-focused on turning their marketing resources, budgets, and agency partners into growth agents.

The industry is still reacting to several high-impact trends, from brands changing or experimenting with new agency models, in-housing work, moving to project work versus agency of record, cutting budgets, and asking for more from their partners.

With agility and speed to market being so critical to brands, it's no surprise that the agency world is simplifying their offerings and the way they work with clients.

Similarly, to fuel their growth agenda, marketing leaders are willing to explore new ways to work, drive efficiencies, and eliminate waste.



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.

Table of Contents

Talent	page 1
Work	page 3
Column: Keeping up with the fast-paced advertising production community	page 4
Financials	page 5
Performance and Value	page 7
Agency Reviews and Roster Changes	page 7

TALENT: securing the right talent and resources

Access to quality, specialized talent is the main driver behind many recent acquisitions. Programmatic buying, dynamic content creation, and digital transformation initiatives are still capturing much of our attention as marketers but it's clear that "creativity" remains a premium top brands can't afford to disregard. It's leading major brands like fast food giant McDonald's to hire independent W+K for their creative abilities and to energize their brand. Media complexity also prompts many brands to revisit their existing agency relationships. There were 1,200 global, multi-market and local media pitches and moves still running or concluded in H1 2019 across 41 markets – totaling \$11.3B in spend.

- **Amazon Advertising** released a new directory of managed-service providers (36 in total) and tools to help brands and retailers in the US using its ad platform. Providers include 360i, Beekeeper Marketing, Catalyst, Channel Bakers, ChannelAdvisor, content26, Digitas, Essence, and many others.
- **Innocean Worldwide** acquired Australia-based digital marketing services firm Wellcom Group to boost digital capabilities (digital creative content production, social media strategy, and digital marketing services). Clients include Tesco, Victoria's Secret, The Body Shop, Louis Vuitton, and L'Oreal.
- Grammy-winning artist Pitbull (aka Armando Christian Perez) and Horizon Media launched a new multicultural shop called **305 Worldwide**. The agency will operate from New York and Miami.
- Independent firm **Chemistry** took a majority stake in Pinta, a full-service cross-cultural agency focused on content, influencer marketing, and other marketing services, expanding its footprint in New York, San Francisco, and Nashville.
- Independent New York creative agency **Barton F. Graf** announced its decision to close its doors at the end of 2019, due to a drop in revenue and clients moving to a project model.
- S4 Capital-owned **MediaMonks** merged with influencer Amsterdam-based agency IMA in order to advance its digital marketing offering and collaborate on a network of 40,000 influencers internationally. Clients include Pernod Ricard, Under Armour, Diesel, Microsoft, Heineken, Samsonite, and Booking.com.

- Car rental giant **Hertz** opened its own in-house agency named Hertz Engine to handle strategy, data, creative, design, content, social, and publishing in Europe. Primary benefits are consistency and efficiency.
- Houston-based marketing agency **9thWonder** acquired experiential marketing agency The Marketing Consortium in order to combine digital, social media, and public relations with experiential and shopper marketing services. Clients include Anheuser-Busch, Keurig, Dr Pepper, and Diageo.
- **Accenture Interactive** acquired experience agency Insitum to strengthen its Fjord design capability and provide greater South American presence (Argentina, Colombia, Mexico, Peru, and Brazil).
- **MDC Partners** formed a new media, technology, and data network, a multi-disciplinary team of over 600 employees, designed to create a more seamless range of client partnership opportunities informed by data and analytics, aligning MDC Media Partners (including Assembly) with global data, technology, CRM, and addressable content agency GALE.
- Horizon Media's sports marketing division **Scout** launched the Scout 360 unit to provide professional sports teams, venues, and properties with sponsorship consulting services. The unit is composed of experts in sports marketing, media (including digital, social, mobile, and out-of-home), consumers, and sponsorship strategies.
- **WPP** (through its GroupM and Kantar units) and **InMobi Group** have entered into a partnership in India to jointly help clients build mobile marketing and media plans.
- World-famous photographer **Rankin** launched a new creative agency, Rankin, in partnership with executives from Publicis Groupe, Ogilvy & Mather, and Crispin Porter. Strong of top clients like Samsonite, Rolls Royce, and Unilever, and with a team of 80 people, the agency is to combine specialties of film and photography, editorial content, brand identity, talent management, and start-to-finish production.
- New agency **GlueIQ** was launched by former Publicis Sapient employees to serve as a hybrid consulting and marketing services agency, located in Miami and New York. Existing clients include Fiat Chrysler.
- **Broadhead** acquired a food-focused public relations agency, Kohnstamm Communications, to expand the full-service ad agency's expertise in the consumer food space.
- **Dentsu Aegis Network's iProspect** acquired Los Angeles-based direct-to-consumer marketing agency MuteSix, adding talent to its US operations and extending iProspect's suite of performance marketing solutions for both enterprise and DTC brands.
- **WPP** announced its agency campus in San Francisco (its ninth campus in North America), housing over 1,000 employees for late 2021 in order to serve technology clients and benefit from operating in the heart of the tech industry. By 2023, WPP expects to have 85,000 company staffers in 40 campus locations worldwide.
- Retail giant **Walmart** switched the handling of advertising on its website to an in-house agency, Walmart Media Group, replacing incumbent outside ad operations agency Triad.
- Publicis Groupe acquired **Rauxa** and its offices in New York, Los Angeles, San Francisco, Seattle, and Dallas, partnering closely with Publicis Media's digital agencies — Moxie, MRV, and Digitas. Client roster includes Verizon, Samsung, Alaska Airlines, Vans, and more.
- Cincinnati-based Legacy Acquisition Corp. acquired Chinese marketing company **Blue Focus**, to be renamed Blue Impact and be based in Mountain View, CA. Blue Focus owns many agencies including social agency We Are Social, design agency Fuseproject, Metta, and Madhouse.
- Charles Daigle, President at Propac Agency, suggests we redefine the "Agency of Record" to the "**Agency of Reality**," advocating that small, quick-thinking and digitally savvy companies will be the ones that will prosper.
- Per Dianomi and the Gramercy Institute, 47.6% of senior marketers specializing in the financial sector indicated that they are likely to bring more marketing work **in-house** by 2020.

Noteworthy quotes:

- » "Pitching isn't a one-way evaluation of an agency, it's a two-way evaluation of chemistry and opportunity."—Trevor Cairns, CEO, **Love**
- » "Our most successful agency-client relationships aren't built on simply demanding top talent on the business."—Adam Gerhart, CEO, **Mindshare USA**
- » "Pitching can be positive for client and agency alike, but there's little to be positive about 16 agencies slugging it out, over multiple rounds, for the affections of a restaurant in a Doubletree Hotel."—Trevor Cairns, CEO, **Love**
- » "How you sell yourself as an agency shows how you can sell."—Lindsey Slaby, Founder, **Sunday Dinner**
- » "Pre-pitch communication sets the tone for any future relationship and there is no relationship without trust."—Trevor Cairns, CEO, **Love**
- » "I think we will continue to need new muscle and skill — in particular having data scientists and a dynamic creative capability."—Meredith Verdone, CMO, **Bank of America**
- » "These days, brands are more in control of themselves than ever. They don't always need an agent; increasingly, they just need a short-term partner, or someone who can listen and help them solve a very specific problem."—Mark Pytlík, CEO, **Stink Studios**
- » "The economics of the agency world are changing at a rapid clip today, as some clients move to project-based work from retainer-led work."—Marla Kaplowitz, president and CEO, **4A's**
- » "For brands seeking to innovate and differentiate, the nimble, nose-to-the-ground capabilities of indie agencies positions us as the ideal partner for these times."—Ted Nelson, chief executive and strategy director, **Mechanica**

- » “Because we’re more nimble, independent agencies are actually more suited to work on a project basis than large holding companies are.”—Tom Denari, president, **Young & Laramore**
- » “We continue to simplify WPP, with a more integrated offer for our clients, better, more collaborative working environments for our people, and less complicated management structures.”—Mark Read, CEO, **WPP**
- » “The plan is built around agency cooperation and network collaboration, with digital-first thinking and media and creative integration across agencies.”
—Mark Penn, Chairman/CEO, **MDC Partners**
- » “Agency partners are part of our institutional memory and help keep us on track to be true to our brand.”
—Meredith Verdone, CMO, **Bank of America**
- » “We’ll continue to buy data sets and license data when we need it. We can provide that advice without owning something.”—Christian Juhl, global CEO, **Essence**
- » “The wheel’s still spinning but the hamster’s dead.”
—David Jones, founder, **You & Mr Jones**
- » “Clients are always looking to in-house for efficiencies. Instead of fighting it, we help our clients do that.”
— Michael Roth, chairman-CEO, **IPG**
- » “Agencies can transform an existential threat to a clear and present opportunity, demonstrating the critical role we play in advancing, augmenting, and accelerating outcomes.”—Florian Adamski, CEO, **OMD Worldwide**
- » “There is no one “agency model of the future,” just as there is no one agency model of the present.”—Brian Wieser, global president, business intelligence, **GroupM**

WORK: producing great work and outcomes

At a time where MarTech is so central to effective marketing operations, we ask ourselves how much we can rely on technology to enable marketing to thrive. Yet automation and other technological advancements point to hard-to-ignore benefits, especially when resources are limited, and every marketing dollar must work harder. Will we rely increasingly on AI, machine learning, or robots for answers? Per Juniper Research, 74+ million consumer robots are expected to be shipped in 2024. Domestic-aide robots such as robot vacuums, mops, and lawnmowers, are projected to reach 47 million units by that time, up from 19 million this year.

- More human, less AI. **HBO** launched a service “recommended by humans” to match its content to its users, favoring a human touch vs. the algorithms approach used by competitors like Netflix.
- Publicis Seattle enlisted participating athletes to design the **2022 USA Games Special Olympics** logo after several failed prototypes. Iranian American filmmaker Rayka Zehtabchi captured the behind-the-scenes process during the workshop for a mini documentary.

- Due to growing scrutiny and privacy concerns, **Twitter** dropped third-party data providers (like Acxiom, Oracle Data Cloud, Epsilon, and others) from the ad platform, forcing advertisers to buy their own consumer information outside its walls if they want it for targeting ads.
- **Twitter** launched its second Agency Playbook to provide agencies with helpful tips and guidance to more effectively use the social media platform.
- **Mondelez** launched its “Mystery Oreo” with a digital and social campaign integrating with Amazon Alexa (“Alexa, what’s new with Oreo?”) by getting consumers to guess the flavor of its latest iteration.
- For Advertising Week, Times Square Arts, Advertising Week, and the Out of Home Advertising Association of America (OAAA) created “**The Midnight Moment**,” an artistic takeover of the digital screens in Times Square – advertising’s biggest outdoor venue – showcasing digital art to celebrate the advertising industry.
- **Amazon Sponsored Display** ads launched in beta in September as a self-service ad platform that targets consumers off and on Amazon in the US. Previously, the ads were available only through Amazon’s demand-side platform.
- PepsiCo launched **PepCoin**, a cash-back loyalty program that rewards consumers who purchase a Pepsi and Frito-Lay product within 48 hours of each other (reimbursed consumer PayPal or Venmo accounts after reaching \$2 and scanning reward barcodes on the packaging).
- Per the ISBA and IPA, here are the most common **agency pitch** alternatives: Speed Dating, Chemistry Pitch, Tissue Pitch, No Pitch, Pitch, Workshop Style Pitches – Pitch in a Day (PIAD). For more: <http://www.thegoodpitch.com>

Noteworthy quotes:

- » “The marketer of the future needs to be a business person first, needs to have the power of synthesis, needs to have the ability to leverage internal and external resources to create well-integrated ecosystems, and needs to be able to stand for his or her results every day.”—Antonio Lucio, CMO, **Facebook**
- » “I think having external partners is critical because you always need other perspectives. If you don’t, you may miss something and be too inward-focused.”
—Meredith Verdone, CMO, **Bank of America**
- » “Like many international brands, Hertz was working a decentralized agency model, which can lead to fragmented and often duplicated creative work.”
—Anna-Louise Gladwell, managing director, **Adjust Your Set**
- » “We have a multitude of clients that do their business in-house. If you look at T-Mobile they’re running their own search business and we’re helping them with governance, best practices, even licensing tools, and we work on the digital media side of that.”
—Christian Juhl, global CEO, **Essence**

Part 1 of 2: Transparency in the Bidding Process for Creative Production

The need for value, transparency, and new content creation models is making way for a new mindset and unrealized potential in a marketer's business processes that have gone undeveloped due to the complacency inherent in settling for the status quo – "that's the way we've always done it." For decades, the advertising industry has enjoyed a comfortable status quo around the sourcing of production through the bidding process traditionally led by creative agencies. Like in many industries, present circumstances are making room for change and disruption due to technology, data, an explosion of new media, and new types of production solutions. This disruption, though intimidating for some traditionalists in the advertising industry, is a once-in-an-era opportunity to shift the narrative around how to procure and produce content.

Since the 1970s, a core competency of creative agencies has been to coordinate and manage the creative execution of TV commercials, events, photography, and other creative projects to ensure the highest quality and timely delivery of the ads or event on behalf of the marketers. The creative agencies owned the relationships with production vendors, contracted, and paid the vendors on behalf of their clients. Many client/agency partnerships still accept this as the process they follow today, however, there are also many marketers exploring partnerships outside of the traditional client/agency relationships and taking a good look at doing things differently.

Today, the best path for producing content doesn't necessarily come from the creative agency who developed the idea.

This is due in large part to:

1. competing agendas. Navigating production options has always been an agency role, however, since creative agencies have thrown their hats in the ring and taken production in-house, the dynamics have changed, as they now have a self-serving interest in who produces the content;
2. an industry-wide focus on transparency. Agencies can no longer oversee the bidding process in an impartial manner when they want to be one of the bidders (being both the referee and a player);
3. a lack of investment in professional development. Traditional ad agency executives are aging out and new agency producers are learning on the job. The freelancers don't get the training to effectively evaluate the landscape or research appropriate vendors because they're moving from one project to another and repeating their process over and over again.

So, how does this translate and affect the creative process for marketers? Navigating, negotiating, and procuring creative production can no longer be entrusted to a traditional agency IF they throw their hat into the ring to produce content.

Navigating the new normal. Great storytelling and copywriting is an art. These things require time and the best talent. Brand relationships with creative agencies have changed and a marketer can no longer get all their creative needs met by one creative partner. **In today's environment, choices are critical.**

It's time to break the traditional silos and models. Many creative partners and specialty production vendors (from storytelling to experiences to ecommerce) can provide the modern marketer with flexibility and a "creative candy jar," so to speak, to realize their potential across all marketing channels, which are now integrated.

Creative flexibility needs infrastructure. We know businesses can't compete without infrastructure, and integration of all messaging affects the way we produce content, share assets, and negotiate rights. In an integrated marketing world, choices, collaboration, and centralization of marketing operations is needed to provide the infrastructure and support needed to have flexible, creative options.

Consider that marketing ecosystems can be made up of many pieces of a puzzle, many players, and many wonderful, creative resources. From an execution standpoint, it is essential to centrally coordinate production of assets using multiple production vendors and negotiating the rights and talent piece up front, allowing for broad and flexible rights.

We can see a world in the very near future (and for some advertisers, this is already happening), where in order to allow the creative agencies to pitch for the creative AND for client in-house teams to also pitch for the work, the competitive bidding process is managed by the marketer or objective third-party to get better choices, prices, and transparency for their content productions and brand experiences. Advertisers with strategies to achieve this will win.

Coming soon: A perspective on bid management tools in the video production process.

- » “Marketing procurement is aiming to get into bed with marketing, for better or worse.”—Jennifer Small, writer and editor, **Small Words**
- » I’m not as interested in plumbing as I am in poetry. Which is not to say data isn’t hugely important, just that it ultimately will be automated.”—Andrew Essex, CEO, **Plan A**
- » “Amazon has strategically cozied up to key agencies by offering special beta programs and exclusive data partnerships and has also sought their advice on how to improve its adtech offering.”—Collin Colburn, analyst, **Forrester**
- » “By soliciting pitches, brands go against the very values they claim to hold dear: inclusivity, diversity, and equality.”—Meryl Draper, CEO, **Quirk Creative**
- » “We’re in a more dynamic marketing, advertising, content-creating market today and we would be smart as all brands are smart to use the strength where you need it.”—Elizabeth Brady, chief marketing officer, **Allstate**

FINANCIALS: driving efficient use of resources

The big digital players are getting bigger every day in a (somewhat) positive economic environment. The continued growth in digital spend and its importance in the advertising economy is seen among large players that essentially drive a large part of that spend. Per Group M’s Brian Wieser, Google, Facebook, Netflix, Amazon, Expedia, Uber, IAC, and Booking.com are expected to spend over \$33bn this year. This is massive, representing an estimated 8% of the industry’s total spending.

- After years in the making, **CBS and Viacom** merged, creating a combined media company worth \$28bn.
- Per COMvergence, **M&A deals** (only 24 deals in the first half of the year compared to 30 the year prior) by holding companies and consultancies slowed considerably, reporting a 69% drop between this year and three years ago.
- Per GroupM, despite major efforts by all marketplace players, **ad fraud** is estimated to be \$22.4 billion annually, with fraud accounting for 10% of US ad sales, or just under \$2.5 billion.
- **Dentsu** reported a 1.5% organic revenue decline for the first half of the year. Organic growth in the Americas was 1.5% in H1. As it prepares for a company restructuring, Dentsu expects a 4% dip in revenue for the full year and 42% profit shortfall.
- **MDC Partners** revenue dropped 4.6% to \$362.1 million during the second quarter, and organic revenue decreased 2.4%. Net new business increased by \$43 million in Q2. Revenue for the first half of the year was \$690.9 million—down 2.2% YOY and organic revenue was down 1.7%.

- **WPP** reported revenue for the first half of the year up 1.6% to £7.6 billion (\$9.2 billion), with an organic revenue decline of 0.6% for the period. North America remains WPP’s weakest-performing region with an organic decline of 5.3% in Q2. India and Brazil revenue climbed double digits. Key wins: Instagram (Ogilvy), eBay and L’Oréal (UK). WPP’s turnaround plan included closing 68 to 80 offices, removing redundant roles, and the sale of Kantar to Bain Capital.
- **S4 Capital** (Martin Sorrell’s new company) first half of the year revenue was £88 million (\$108.5 million), a 41% increase, and gross profit of \$86.5 million, a 44% increase. Their recent wins include Procter & Gamble, Nestle, Coca-Cola, Sprint, Bayer, ASICS, Vodafone NZ, SoFi, and Lavazza.
- Per the ANA (Association of National Advertisers), two-thirds of advertisers (69%) updated their **media agency contracts** within the past three years in response to concerns about transparency and alleged rebates in the media-buying space. 60% of brands believe rebates, discounts, and various forms of media kickbacks are not deemed part of a media agency’s compensation.
- Per Publicis Media’s Zenith unit, time spent watching **online video** will expand to an average of 100 minutes daily (20% more over the next two years), the equivalent of watching 25 continuous days of video in 2021. Online video budgets are expected to follow.
- Per PQ Media, global **out-of-home media** will experience 8.5% ad revenue growth in 2020, rising to \$78.01 billion by 2023. As a subset of all out-of-home, digital media (which includes digital billboards and digital placed-based networks) will rise more rapidly.
- Per Forrester, WPP, Publicis, and Omnicom combined spent over \$800 million in advertising with **Amazon** last year—and performance marketing agencies spent \$1.5 billion, compared to overall worldwide spend of \$55 billion on Facebook and more than \$116 billion on Google.
- Beauty giant **Estée Lauder**, which owns 29 of the world’s leading skincare and makeup brands, announced that the brand spends 75% of its investment on digital social media influencers.
- Per Zenith Media, **Alphabet’s** advertising has increased by more than \$1 billion each of the past two years, reaching \$6.4 billion in 2018.
- Per AMA, an agency spends an average of \$15,000 to participate in an **RFP/pitch**. Agencies making it to the finals claim to spend up to \$45,000 in additional costs (talent and expenses).
- **BBH New York** agreed to be paid with beer on a recent campaign titled “Stronger Than You Think” for Pabst Blue Ribbon’s new Stronger Seltzer product. The agency received 12,000 cans. BBH negotiated getting a 50 percent discount on flights as part of its compensation package with its Air Portugal client.

Noteworthy quotes:

- » “We can make marketing investments much better, so we invest in things the consumer sees, not what they don’t see.”—Miguel Patricio, CEO, **Kraft Heinz**
- » “The agency needs to be profitable to continue to work with us and we want the agency to be successful and attract the best talent to work on our accounts.”
—Louise Deane, sourcing group manager, marketing, **Lucozade Ribena Suntory**
- » “It’s important that agencies have frank, open discussions with clients at the contract stage – and on an ongoing basis – to help everyone be clear on what clients can reasonably expect and help them define how to work together.”—Josh Krichefski, CEO, **MediaCom UK**
- » “I don’t have a marketing procurement team; I’ve got a marketing team that does procurement.”—Barry Byrne, global marketing procurement director, **Adidas**

- » “Our business is changing to be very project-oriented. But that’s OK. In a project-based environment, you have this opportunity to outperform.”—Michael Roth, chairman-CEO, **IPG**
- » “From Anomaly to Mother to Berlin Cameron, boutique agencies set up to manage project-based business are flourishing.”—Greg Paull, co-founder and principal, **R3 Worldwide**
- » “We are always looking with all of our clients on how we can get paid differently, be it performance-related bonuses, or based on the value of our work. Or in beer.”
—Alex Monger, business director, **BBH New York**
- » “Huge, fixed contracts will continue to become a thing of the past and value beyond fee becomes the relationship umbilical cord of the future.”
—Charles Daigle, president, **Propac Agency**

#3 WORLD’S LARGEST HOLDING COMPANY PUBLICIS GROUPE

2018 NET REVENUE: USD \$10,580M | €8,969M EUROS

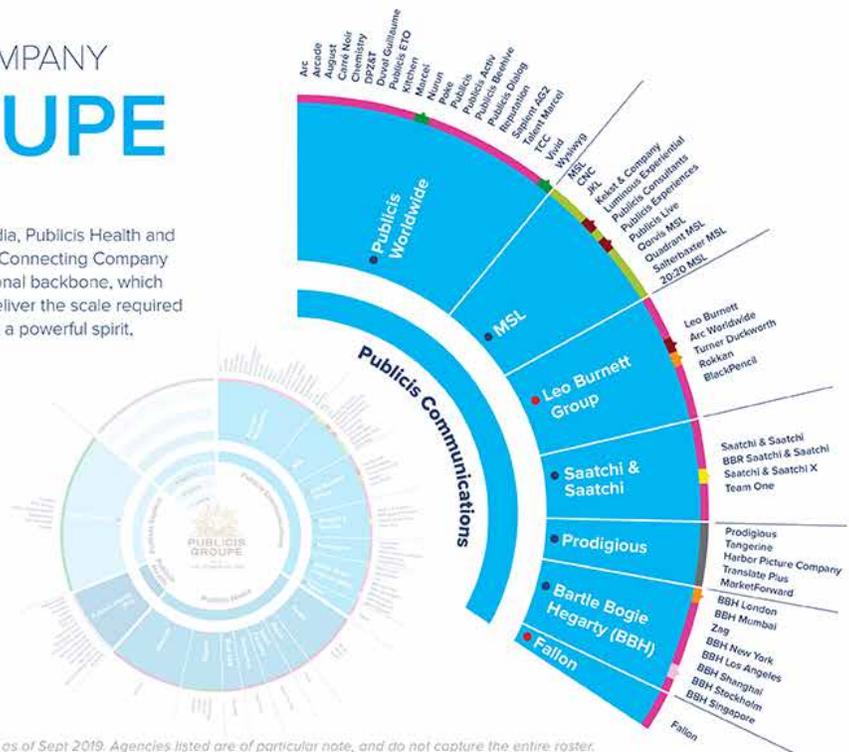
Organized across four Solution hubs, Publicis Communications, Publicis Media, Publicis Health and Publicis Sapient, along with agencies connected to the core groupe. With a Connecting Company Model (The Power of One), all agency brands still exist but share an operational backbone, which gives them the power and expertise of all the Solution Hubs combined to deliver the scale required to compete and win in new world markets. All driven by a common purpose, a powerful spirit, shared behaviors, great character and a relentless focus on our clients.

PRIMARY SPECIALIZATION

- | | |
|---------------------------------------------------------------|-----------------------------------------------------------|
| █ ADVERTISING | █ MARKETING SERVICES |
| █ BRANDING & IDENTITY | █ MEDIA |
| █ DATA | █ MOBILE |
| █ DIGITAL | █ PR |
| █ EXPERIENTIAL MARKETING | █ PRODUCTION |
| █ HEALTH | |



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PERFORMANCE: driving stronger performance and value from the partnership

I was pleased to see large organizations like the ANA take on the topic of “measurement” in marketing. The success of the ANA’s annual Data & Measurement conference is another great indicator that the complexity is real and brands struggle at times to connect data and systems. Performance is an important investment area for brands eager to leverage it to make better decisions about where to invest time and resources. For inspiration, please check out my articles, “Wasted” and “The Marketing Diet,” for ideas to drive better value and performance from agency partners.

- **2019 Ad Age Small Agency of the Year:** JohnXHannes (Gold), followed by DCX Growth Accelerator (Silver). Based on size: 76-150 Employees (Via), 11-75 Employees (TDA, Boulder), 1-10 Employees (Opinionated).
- **Media auditing** firms vary in size and expertise, ranging from Accenture and Deloitte to Ebiquity, MediaSense, Media Path, PricewaterhouseCoopers, KPMG, and Abintus among others. Holding companies have expressed concerns about Accenture-led audits since these companies actively compete in other areas.
- The Association of National Advertisers launched a new division, “**Measurement for Marketers**” (MFM), to ensure “measurement systems are aligned to the business and measurement agenda of marketers.” The division will partner with other organizations like WAF and Media Rating Council.
- Per Flock, “**Agency Partners**” is one of the eight linked factors to consider that contribute to the Marketing Organization Design of the future. Other factors: Key Performance Measures, Leadership and Culture, People, Process, Structure, Data, and Technology.
- Nike’s “Dream Crazy” ad with former NFL star Colin Kaepernick, created by Wieden+Kennedy and produced by Park Pictures, won the **Emmy Award** for outstanding commercial.
- **LinkedIn** prevented 19.5 million accounts from being created in the first half of 2019 and restricted 2+ million accounts by relying on AI tools and members’ reports.
- Per **Adweek 100: Fastest Growing Agencies** ranking, 23 had revenue of over \$50M and the rest in the \$10M-\$50M range in 21 specific disciplines. The average growth of that list was 300%. Top 5 agencies: Flock Creative Network (Jakarta), Advoc8 (DC), ENTER (LA), The Goat Agency (London), and Dark Horses (London).

Noteworthy quotes:

- » “True partnership is the new world talent equation.”
—Adam Gerhart, CEO, **Mindshare USA**
- » “Whether cutting budgets or asking for more within existing ones, clients need agencies to deliver more for less.”—Josh Krichefski, CEO, **MediaCom UK**
- » “Being closer to the client teams has allowed conversations to shift from being just about buying media to also talking to marketers about their choice of ad tech and the sort of creative solutions they might need to employ.”—Charlie Glyn, head of programmatic, **Havas Media Group**

- » “It’s not always about the bottom line, it’s about making sure the value is the best that it can be within the contracts you have.”—Louise Deane, sourcing group manager, marketing, **Lucozade Ribena Suntory**
- » “Whether in-house, outsource, or anything in between, agencies can, do, and will continue to help.”
—Nicolas Bidon, global CEO, **Xaxis**
- » “‘Best practice’ isn’t just unhelpful as a methodology for getting to a solution. It is also no longer the solution itself.”
—Darren Woolley, founder and global CEO, **Trinity P3**
- » “We’re creating the basis for deeper strategic partnerships that give our local and global brand teams access to the best talent and best creative minds.”—Martin Renaud, chief marketing officer, **Mondelez International**
- » “Brands will develop the ability to turn creative around quicker and more efficiently than under the current model without compromising quality.”—Jill Baskin, chief marketing officer, **Hershey**
- » “Agencies can flourish with a diverse collection of point solutions and portfolio offers, becoming the ‘agency of the future’ by always performing as the best possible agency of today.”—Brian Wieser, global president, business intelligence, **GroupM**

AGENCY REVIEWS AND ROSTER CHANGES

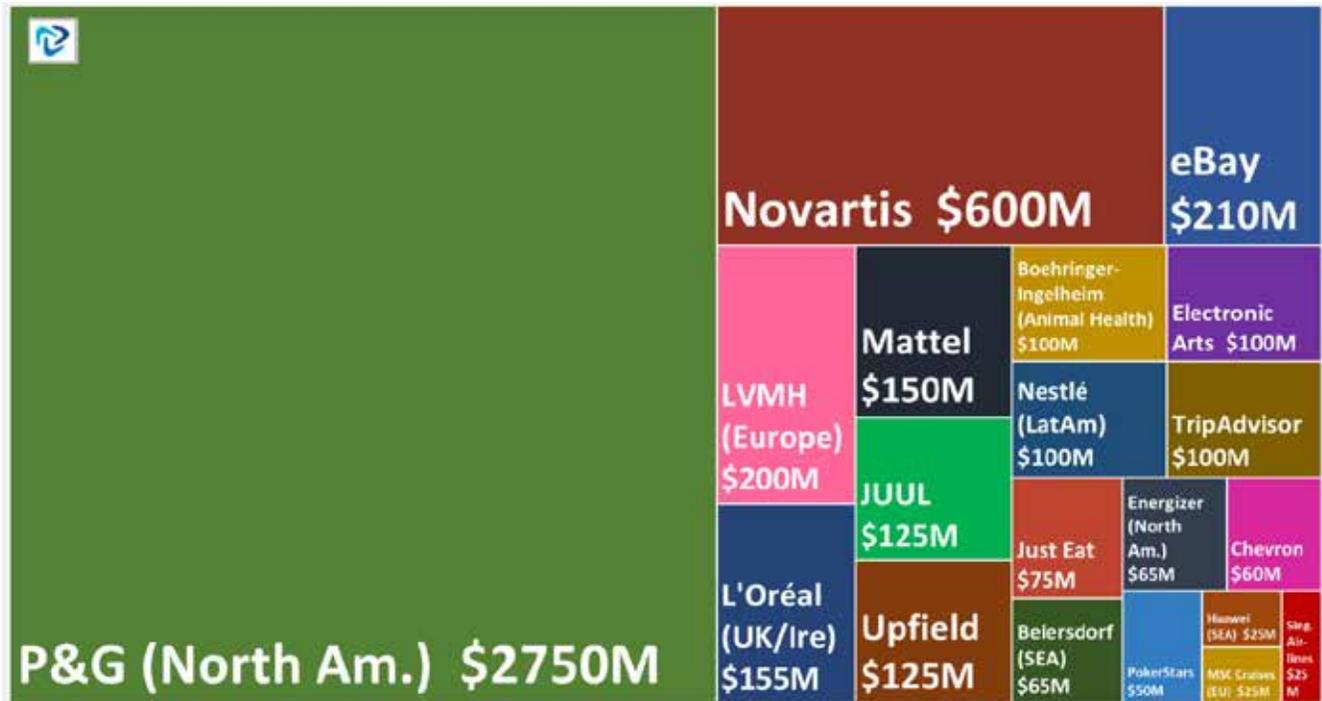
Disclaimer: The reviews listed often capture larger review activity reported in the industry trade press, which we understand to be only a subset of total review activity.

Specialist reviews (digital, social, PR, etc.) are rarely reported in the trade press. Also, due to the increasing number of project reviews (versus AOR/retainer reviews), many of those are not receiving media attention and therefore are not included here.

Per COMvergence:

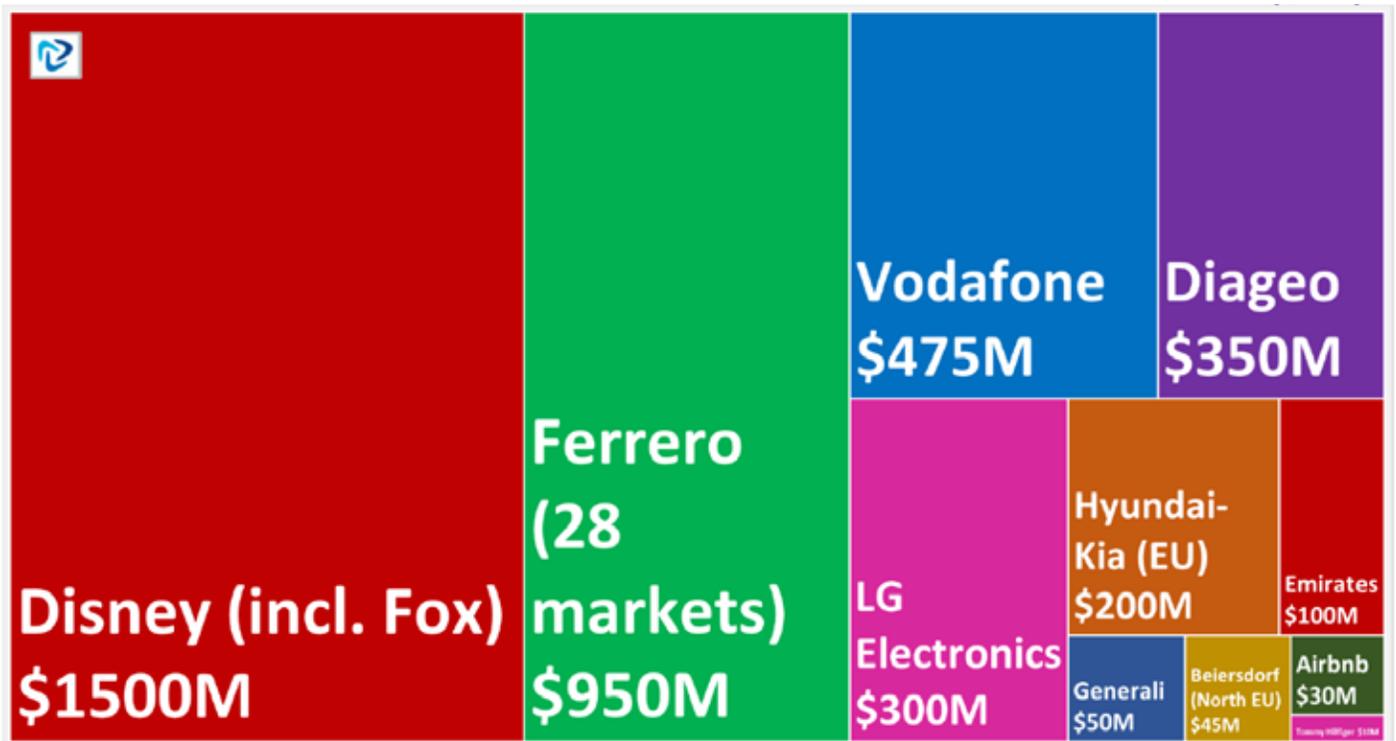
- 1,200 global, multi-market. and local media pitches and moves were still running or were concluded in H1 2019 across 41 markets – totaling approx. \$11.3B of media spend reviewed.
- In terms of overall results based on Total New Business Values (new client wins, plus retentions, minus losses): Carat leads the agency ranking, followed by OMD (2nd) and Mindshare (3rd). Dentsu Aegis Network tops the media group league, followed by GroupM (2nd) and Mediabrands (3rd).
- The US dominated the media pitch activity in H1 2019 in terms of spend volume (\$5.5B). US reviews represent nearly half of the total spend put in play globally in H1.
- The average retention rate (across the 41 countries) continues to decline: 24% vs. 29% in H1 2018. And, for the first time since 2016, this rate is below 50% in all markets studied.

MAJOR CONCLUDED REGIONAL & GLOBAL MEDIA PITCHES 2019 (\$5.1B)



* Budgets are sourced from COMvergence's estimated NET 2018 adspend across 42 key markets.

MAJOR ONGOING REGIONAL & GLOBAL MEDIA PITCHES 2019 (\$4B)



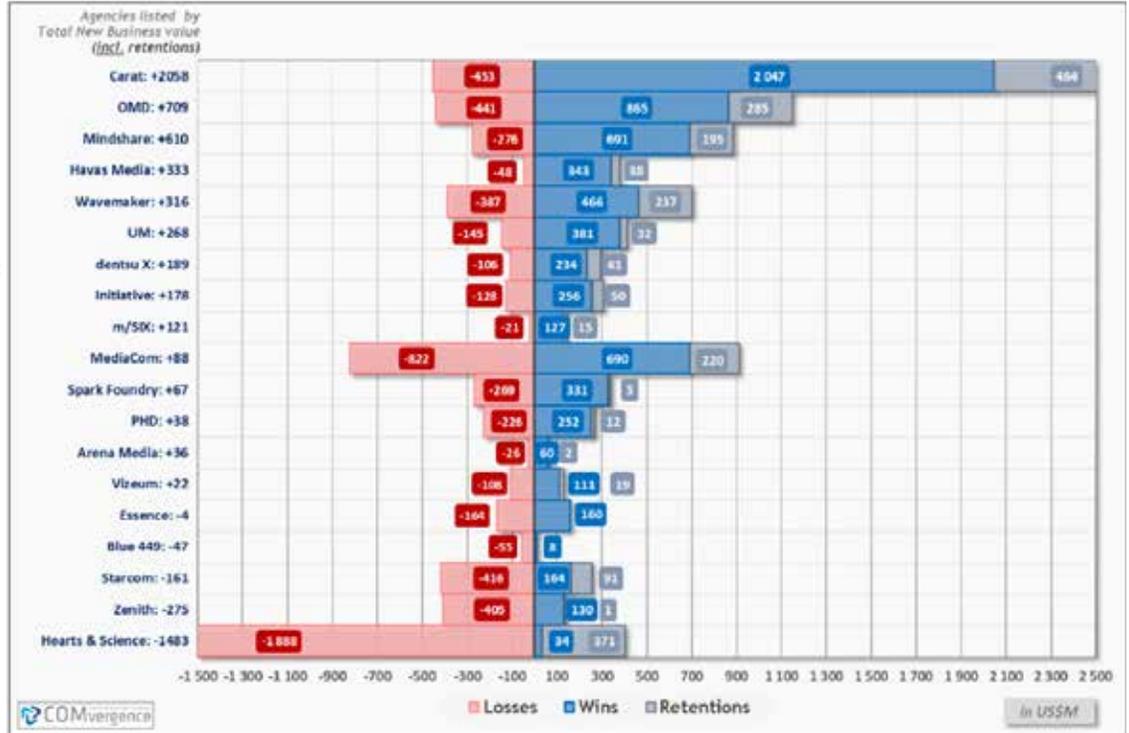
* Budgets are sourced from COMvergence's estimated NET 2018 adspend across 42 key markets.

GLOBAL NEW BUSINESS RANKING MEDIA AGENCY NETWORKS

PART 1 - EXECUTIVE SUMMARY & RANKINGS

BASED ON TOTAL
NEW BUSINESS VALUES

NEW CLIENT WINS, PLUS
RETENTIONS, MINUS
LOSSES



GLOBAL NEW BUSINESS RANKING MEDIA AGENCY GROUPS

based on total new business values (new client wins, plus retentions, minus losses) in US \$M

Courtesy of R3: creative and media agencies new business league (global – July 2019).

About the methodology: The R3 New Business League has been compiled since 2002 using data supplied by multinational agencies on a monthly basis to R3.

In addition, this data supplied is balanced against Client Estimates, Nielsen ADEX, discounted to appropriate levels and then converted to a revenue estimate.

Media Agency GROUPS		TOTAL New Business Values <i>(of which amount retained)</i>	
1	Dentsu Aegis Network	+2,262	565
2	GroupM	+1,619	1,155
3	Mediabrand	+416	82
4	Havas Media Group	+372	40
5	Publicis Media	-174	97
6	Omnicom Media (OMG)	-740	668

CREATIVE AGENCIES NEW BUSINESS LEAGUE

Global / July 2019

RANK THIS MONTH	RANK LAST MONTH	AGENCY	RECENT WINS	ESTIMATED YTD WIN REVENUE (USD \$ m)	RECENT LOSSES	ESTIMATED OVERALL YTD REVENUE (USD \$m)	No.of Wins
1	1	DDB	Kroger Stores US, Yoobee New Zealand, Lumino New Zealand	113.8	Volkswagen UK	111.2	142
2	2	Ogilvy	Japan Airlines SE Asia, Civica UK Projects, Storytel Brazil	88.2	National Citizen Service UK creative	83.7	183
3	3	Havas Worldwide	Michelin France, Sydney Water Australia, Donut Shop US Project, Loreal España Spain Project	73.6		72.2	75
4	4	Leo Burnett	Fiat Brazil Social, Yili-Changyi China, VW China Project	61.2	CCB China	60.3	102
5	6	Publicis	Samsung SEA Singapore, Marster Kong China, Honda Brazil	39.6	DS China	38.4	138
6	5	R/GA	Slack US, Sunchips US, Tresseme US, Airbnb US	35.8		35.3	28
7	7	TBWA	Mountain Dew US, University of Phoenix US, AMD Global, Fonterra Brands Australia	37.0	Standard Bank S Africa	35.0	11

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8	8	BBD0	WhatsApp Global, Continental Tires Europe, Champion Sportswear US, Gumtree Australia	46.3	Mountain Dew US	26.8	54
9	9	Droga5	Facebook Global, OnePlus UK, GoCompare US, Glenmorangie Global	25.5		25.5	5
10	24	Mother	Sonic Drive-Ins US, Body Shop UK, Wrangler US	24.3		24.3	5
11	10	Johannes Leonardo	Volkswagen US, Gap US	23.8		23.8	2
12	12	Anomaly	Porsche Global, PokerStars, Stars Group Global, Johnnie Walker Global	23.0		23.0	4
13	11	Digitas	Huawei China Project, Walmart Argentina Digital, UBS China Project	22.0		21.9	58
14	17	Wunderman Thompson	Kaspersky Global, Friesland Campina Thailand, Dominos Pizza Malaysia	21.0	Eucerin	20.4	92
15	13	McCann WorldGroup	Star Cement India Project, LIFULL Japan Project, M4Marry India Project	25.9	Amway - Nutrilite China	19.5	107

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16	16	FCB	Volkswagon Romania Project, The Electoral Commission New Zealand, Sir Fruit South Africa	26.0	Nivea US	17.7	40	
17	14	VMLY&R	Walgreens Boots Alliance US, Big Bazaar India, Ausgrid US, LG Argentina Digital	21.8		16.2	80	
18	15	Dentsu	Britannia Timepass India, Mazhavil Manorama India, Geojit Financial Services India, Subway Singapore	18.9	Liby China	15.7	128	
19	-	Wieden + Kennedy	McDonald's US Project, Sprite Brazil, C&A Brazil	15.0		15.0	4	
20	18	Saatchi & Saatchi	Grohe Germany, Yongqing Fang China, MayLand Group	17.5	Haagen-Dazs Global	14.5	54	
						2019(Jan-Jul):	904.2	1,940
						2018(Jan-Jul):	1,214.8	2,434
						YoY Comparison:	-25.6%	-20.3%

MEDIA AGENCIES NEW BUSINESS LEAGUE

Global / July 2019

RANK THIS MONTH	RANK LAST MONTH	AGENCY	RECENT WINS	ESTIMATED YTD WIN REVENUE (USD \$ m)	RECENT LOSSES	ESTIMATED OVERALL YTD REVENUE (USD \$ m)	No.of Wins
1	1	OMD	McDonald's US, Storck UK, Renault Sports UK, Boehringer Ingelheim Vetmedica Global	112.2	Lovely Professional University India	105.4	243
2	2	Carat	Coca-Cola Spain, Generalitat de Catalunya Spain, ACCA India, Deutsche Bahn Germany	115.6	Super Retail Group Australia	100.9	103
3	3	Horizon Media	Eharmony US, Avis US, Belk US, Peloton US, Petco US	92.7		92.7	33
4	-	MediaCom	eBay Global, British gas UK, T-Mobile Netherlands	97.3	The Stars Group Global	66.8	333
5	4	Mindshare	Tai Kang Insurance China, Mreferral Hong Kong, Hong Kong Property Services	71.1	Deutsche Bahn Germany	66.3	212
6	7=	Wavemaker	China Mobile China, IG Markets Australia, Chubb Insurance Thailand	60.4	Novartis Global	44.2	95
7	6	Spark Foundry	Allergan US, MGA Australia, PPG Australia, Australian Unity Australia	35.6		35.5	18

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8	5	Havas Media	TIM Brazil, Clorox LATAM, Changi Airport Group Singapore, NFL US, Dreams UK	42.4	Vistaprint N. America	33.1	84
9	-	Starcom	Novartis Global, Vistaprint N America, Medlife India	46.1	Dreams UK	33.0	15
10	7=	Universal McCann	Aetna US, Mattel Australia, China, Japan, South East Asia, India, Saregama India	34.7	Yorkshire Building Society UK	31.4	51
11	10	denstu X	Ahold Netherlands, Upfield Global, Parques Reunidos Spain, Oplus Mobitech India	28.5	Svyaznoy Russia	26.1	192
12	9	MediaHub	JWH Australia, CSR Australia, National Health Service UK Planning	17.6		17.6	10
13	13	PHD	TikTok Global, The Stars Group Global, Catawiki Netherlands Project	34.8	Slater & Gordon Australia	14.4	154

MEDIA AGENCIES NEW BUSINESS LEAGUE

Global / July 2019

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14	-	Publicis Media	LVMH Europe	10.0		10.0	1	
15	11	Initiative	Groupon EMEA & APAC, KPMG	14.7	T-Mobile Netherlands	5.6	47	
16	12	M/Six	Electronic Arts Global, RegionsBank US	4.3		4.3	2	
17	14=	Empower	PetSmart US	2.5		2.5	1	
18	14=	Crossmedia	Etihad Airways	2.5		2.5	1	
19	16	Arena Media	Universal Music Group UK, Travelocity US	2.8	Parques Reunidos Spain	2.2	2	
20	17	Madison Media	Marico India, Marico Media India	2.0		2.0	1	
						2019(Jan-Jul):	563.2	1,723
						2018(Jan-Jul):	533.4	1,424
						YoY Comparison:	5.6%	21.0%

- Online print company **Vistaprint** selected Publicis Media's Starcom as its TV media agency (direct response and brand TV in the US and Canada), following a review, replacing incumbent Havas.
- Computing processor maker **AMD** chose Omnicom's TBWA\London as its lead global creative and brand agency, its first integrated agency assignment (no incumbent), following a review.
- **IHG** (and its brands Holiday Inn, Crown Plaza, Avid Hotels, etc.) consolidated its global PR work into WPP agencies Ogilvy, Hill + Knowlton Strategies, and Burson Cohn & Wolfe, replacing incumbent IPG's Weber Shandwick. The brand has been working with WPP since 2012 in some reduced capacity.
- Cybersecurity provider **Kaspersky** selected WPP's Wunderman Thompson (London) to develop a new worldwide brand marketing campaign following a review.
- IT, networking, and cybersecurity solutions provider **Cisco** selected Isobar, part of Dentsu Aegis Network, as its digital marketing innovation AOR, without a review. The agency will collaborate with the brand's lead creative agency, WPP's Ogilvy, and its media agency, Merkle-owned DWA.
- Drinks giant **Diageo** (which owns some of the world's biggest brands, including Guinness, Johnnie Walker, Smirnoff and others) kicked off a global media review. Dentsu Aegis Network's Carat is the incumbent since 2016.

- Travel platform **TripAdvisor** selected Havas Media to be its global media AOR, following a review, replacing incumbents performance marketing specialists All Response Media in the UK and Havas Edge in the US. The brand is concurrently conducting a review of its creative account.
- New York State's largest healthcare network, **Northwell Health**, hired Horizon Media as its media AOR following a review, replacing incumbent GroupM's OpenMind.
- **Behr Paint Company** selected Deutsch as its creative AOR following a review, replacing incumbent Minneapolis-based Peterson Milla Hooks (PMH). The agency will handle business intelligence, strategy, creative, digital, and all production-related work.
- Food chain giant **McDonald's** selected independent Wieden+Kennedy, New York, as its lead creative agency in the US, following a review, replacing incumbent Omnicom Group's DDB after only three years working on the account. Now We Are Unlimited, the Chicago-based agency that Omnicom's DDB created to support McDonald's, will focus on "operational excellence," digital marketing, customer relationship management, and mobile.
- SaaS company **Smartsheet** selected Noble People (media planning and buying) and JMS (brand strategy, creative and production) as agencies of record, without a review, to lead the company's brand relaunch.
- British telecom company **Vodafone** selected Dentsu Aegis Network's Carat as its global media buying and planning agency of record after a review, replacing incumbent since 2014 WPP's Group M. GroupM retains media buying responsibilities in some countries. The brand has been moving digital media buying in house.
- **Vodafone Group** selected Anomaly London as its global brand strategic and creative agency partner, following a review, and replacing long-time incumbent Santo. The agency will create assets and collaborate with Vodafone's in-house media buying teams.
- Health insurer **Humana** hired Interpublic Group of Cos.' MullenLowe (in Boston and New York) as its new creative agency of record, following a review, replacing incumbent since 2015 Omnicom's BBDO.
- Clothing company **Levi's** selected Interpublic Group of Cos.' UM as its media planning and buying agency of record for the Americas (the US, Canada, and Latin America) after a review, replacing incumbent since 2018 Omnicom's OMD (for the Americas). The agency will partner with the creative AOR, FCB.
- Seattle-based baking and pancake mix marketer **Continental Mills** hired Knoxville-based Tombras as lead creative agency for its Krusteaz brand. The agency will handle strategic planning, brand creative, digital, and social media.
- Pharmaceutical giant **GlaxoSmithKline** kicked off a global creative review for its Rx business. Various incumbents, including IPG's McCann Health, will defend. GSK awarded its \$1.7 billion media business to Publicis Media last year and created a bespoke "platformGSK" model including various Publicis Media resources.
- Pharmaceutical giant **Novartis** selected Publicis Groupe's Starcom and Epsilon to handle its global media duties like media planning, buying, data, and analytics across 60 international markets starting in 2020. Starcom and Epsilon formed NovartisONE2, a collaborative, agile, and data-driven team that will combine the expertise of both agencies.
- **Papa John's International** named Havas-owned Camp + King as its creative agency of record, replacing incumbents Laundry Service and Endeavor. The agency will support the brand from its Chicago and San Francisco offices. The brand previously selected Havas Media as its integrated media agency of record in late 2018.
- **CVS** consolidated its media business primarily under Interpublic's UM, following a review. UM will handle all paid media duties for CVS and Aetna, with the exception of paid and organic search for CVS Health, handled by Digitas.
- **Mondelez International** consolidated its global advertising creative into WPP (through Ogilvy and its sister agency David) and Publicis (through its Digitas agency), following a review, replacing incumbent IPG, Dentsu, Havas, and smaller agencies. Interpublic's The Martin Agency retained the Oreo and Ritz accounts. The move was triggered to streamline marketing operations and improve ROI, consistency, and speed to market. The brand will supplement that work with a limited number of local specialists like VCCP, TMW, and BETC.
- Energy company **Chevron** extended its relationship with WPP agency Wavemaker and retained global media agency of record responsibilities for another three years, following a review. WPP has handled media duties for Chevron for 16+ years through its former agency, MEC, before Wavemaker was created when WPP merged MEC with Maxus.
- **The US Marine Corps** selected WPP's Wunderman Thompson to be its creative AOR after a review. WPP agency J. Walter Thompson, which has now merged with Wunderman, was the brand's agency for 72 years.
- **Kimberly-Clark Corp.** kicked off a creative review for its global baby care business (Huggies, Pull-Ups, and GoodNites brands). Incumbent WPP Ogilvy is defending.

Agency Roster Summary

Client	Incumbent	Change/Scope	Focus Area	New Agency	Review?
AMD		Creative, Agency	Global	TBWA\London	Y
Behr Paint Company	Peterson Milla Hooks	Creative	U.S.	Deutsch	Y
Chevron	Wavemaker	Media	Global	Wavemaker	Y
Cisco		Marketing	U.S.	Isobar	N
Continental Mills		Creative	U.S.	Tombras Group	N
CVS		Media	U.S.	UM	Y
Diageo	Carat	Media	Global		Y
GlaxoSmithKline	McCann Health	Creative	Global		Y
Humana	BBDO	Creative	U.S.	MullenLowe	Y
IHG	Weber Shandwick	PR	Global	Ogilvy, Hill + Knowlton Strategies, and Burson Cohn & Wolfe	N
Kaspersky		Marketing	Global	Wunderman Thompson	Y
Kimberly-Clark Corp.	WPP Ogilvy	Creative	Global		Y
Levi's	OMD	Media	U.S.	UM	Y
McDonald's	DDB	Creative	U.S.	Wieden + Kennedy	Y
Mondelez International	IPG, Dentsu, Havas	Creative	Global	WPP, Publicis	Y
Northwell Health	OpenMind	Media	U.S.	Horizon Media	Y
Novartis		Media	Global	Starcom and Epsilon	N
Papa John's International	Havas Media	Creative	U.S.	Camp + King	N
Smartsheet		Creative	U.S.	JMS	N
Smartsheet		Media	U.S.	Noble People	N
TripAdvisor	All Response Media, Havas Edge	Media	Global	Havas Media	Y
US Marine Corps	J. Walter Thompson	Creative	U.S.	Wunderman Thompson	Y
Vistaprint	Havas	Media	U.S.	Starcom	Y
Vodafone	GroupM	Media	Global	Carat	Y
Vodafone Group	Santo	Strategic, Creative	Global	Anomaly	Y

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17/17

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