

Industry Update

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

March 2022 | Volume 62



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EXECUTIVE SUMMARY: Monthly recap

After COVID, the world is now struggling with another major disruptive phenomenon: Russia's invasion of Ukraine. The world of advertising is always front and center during human tragedies, celebrating and inspiring resilience and courage.

In advertising, silence is acceptance. With headlines like "XXX has surprisingly remained silent since Russia invaded Ukraine," advertisers are feeling pressure to take a stand. Gone are the years when brands could look the other way and not engage. Consumers demand more, and some basic activism is now a reality across a wide range of environmental, political, and economic issues.

The world of advertising once again answered the call, stood up together condemning Russia's decision and, like WPP and Accenture, many discontinued operating in Russia altogether, following all sanctions imposed by the US and the broader international community. The ANA also urged members to support sanctions imposed by the US against Russia. Google, Microsoft, Twitter, and other tech ad giants suspended selling online advertising in Russia.

Our hearts go out to the people of Ukraine in their fight for freedom.



Bruno Gralpois
Co-Founder and Principal,
Agency Mania Solutions

TALENT: Securing the right talent and resources

Talent has never been more center stage since COVID, and it's expected to remain a topic of conversation for months and years to come as companies struggle to attract, retain, and motivate employees. Brands and agencies are figuring out if their teams will go back to some office space or continue working remotely. The pool of talent is growing as well. The Big 6 groups added 32,000 new jobs in 2021. They reinstated large bonuses as they achieved double-digit growth and recovered financially in 2021. The supply is weak, and demand is currently high, leading to salary inflation and cost-of-living adjustments. For most agencies, labor-related expenses range between 65% and 70% of revenue and remain the largest expense. As expected, when oil prices go up, airline companies raise their pricing. So naturally, when talent costs go up, agencies raise their prices.

- Security Services firm ADT's **in-house media team** is composed of four individuals who handle all mass media planning, negotiating, buying, processing, and measurement for channels including national, local and connected TV, audio, and OOH (approximately a \$50 to \$75 million media budget).
- Per R3, **global account reviews** increased by 53% in 2021, with WPP and R/GA leading global and US new business wins.
- Per Adweek, **what CMOs look for in their agency partnerships:**
 - 1) Finding the right match
 - 2) Crafting a healthy relationship
 - 3) Making long-term plans
- Per Campaign US, the **Big 6 global agency groups** (WPP, IPG, Publicis Groupe, Omnicom Group, dentsu, and Havas) added 32,000 jobs in 2021. The healthy 8.5% increase in headcount apparently followed a sharp 6% decline in 2020.
- **Media.Monks** launched a new initiative called the Immersive Web Trainee Program, a six-month paid program offering newly qualified developers (with a decent understanding of semantic HTML and CSS) the opportunity to build skills working alongside highly skilled staff in the Amsterdam office with the opportunity to land a full-time position.
- Per Steve Boehler (founder of Mercer Island Group), here are **5 questions CMOs should be asking their agencies:**
 - 1) What is the agency's strategy for competing for the best personnel?
 - 2) What specific training plans and programs are in place today for your staff?
 - 3) What is up with your rates?
 - 4) What is the agency's strategy for DE&I and how are you tracking your efforts?
 - 5) What should I know that I don't?
- Per the **Australian-based 2021 OUCH! Factor Report**, the average agency spent 175 hours on each pitch, and a cumulative 1,913 hours a year pitching—investing the equivalent of \$100,000 in unbilled hours before winning a single pitch. Marketers and procurement invested 125 hours on the average pitch process. The reported average win rate across all agency disciplines is 48%.

- Per ID Comms, **four key tips for making the best agencies compete for your pitch:**
 - 1) Engage with the agency leadership as early as possible
 - 2) Invest as much effort as you can in creating the very best pitch brief
 - 3) Use a pitch consultant
 - 4) Get the C-Suite involved
- Havas Group launched **Metaverse by Havas**, a new offering to help brands navigate the metaverse, where Havas Villages bring communities together in an enriched extension of their bricks-and-mortar Villages. The virtual Villages include a recruitment service and new employee experiences, such as the onboarding process, while bringing people together from across all disciplines and empowering them to work side by side.

New agencies or capabilities, restructures, and reorganizations:

- Boca Raton-based and multi-brand marketing services company **Worlddata Group** rebranded its agency division, now called Outcome Media. The unit includes email marketing, demand gen, database, and direct-mail acquisition services.
- **Accenture Interactive's Droga5** opened its office in São Paulo, Brazil, with Netflix as its inaugural client, combining forces with acquired digital shops—cloud-based customer experience and commerce solutions company Experity, digital agency AD Dialetto, and content marketing agency New Content.
- **WPP** launched The Metaverse Foundry, a global metaverse offering through Hogarth, its specialist creative content production company. Capabilities include a wide range of talent focused on end-to-end design and production for brand experiences in the metaverse including virtual art, virtual stages, design, animation and visual effects studio, development of VR/AR applications, technology, and R&D.
- **VCCP** launched a global gaming offering, called VCCP+, headquartered in New York, which is centered around the gaming "multiverse"—the ecosystem of social media platforms and online communities around games. The unit will leverage creators and UX designers in its European offices, as well as talent from its global content studio Girl&Bear.

Responsible advertising (diversity and inclusion, environment, etc.):

- **WPP 2021 recap of major initiatives:** WPP launched Unite, WPP's first company-wide LGBTQ+ community, live in UK, North America, India, and Hong Kong; WPP was named among Best Places to Work for LGBTQ+ Equality. Gender diversity amongst leaders: 39% female senior leadership. They broadened their talent search by working with talent networks such as the LAGRANT Foundation and Brixton Finishing School and made a \$30 million commitment for increasing racial equity.
- Per the ANA (Association of National Advertisers), 23% of its membership does **business in Russia**. And of those companies, 25% have suspended or reduced their media spend in that country. One-third plan to either cease or scale back their operations in Russia.

- **Cannes Lions** banned Russian delegates and entries from 2022 awards, preventing agencies and brands from Russia from winning any recognition. Cannes Lions also established a digital talent directory for Ukrainian creatives affected by war.
- AdGreen launched its **Carbon Calculator** (<https://weareadgreen.org/carbon-calculator>) to estimate carbon footprint of motion, stills, and audio projects within ad campaigns so that agencies and brands can assess the environmental impact of their production activities. Production activities are logged to track improvements in carbon footprint.
- The **American Association of Advertising Agencies** launched its 4A's Talent, Equity, and Learning practice, which includes the work of the 4A's Foundation and a rebranded 4A's Learning Institute, to boost its D&I efforts.
- The ANA (Association of National Advertisers) held a series of **Virtual Supplier Diversity Fairs** focused on a particular type of ethnic/gender ownership (e.g., Asian-owned companies, etc.) to help brands match with the right partners.
- **Publicis Groupe** reported that it is closing in on its objective of having 45% of key leadership positions held by women by 2024, with 41% reached in 2021. Certified by the Science Based Targets initiative (SBTi), the group is committed to becoming carbon neutral by 2030, shifting to 100% renewable energy by direct source by 2030 and reducing its carbon emissions by 50%.

Noteworthy quotes:

- » “Most vendors want to have a relationship with the client and the agency. In our case we’re both.”
—Christopher Lawrence, Director Mass Media, **ADT**
- » “It is always easier to challenge your agency than to change agencies.”—Steve Boehler, Founder/Partner, **Mercer Island Group**
- » “Clients and agencies need to become partners again.”—Michael Farmer, Chairman/CEO, **Farmer & Company LLC**
- » “Agencies should be generous in their praise and always model the behavior they expect from clients.”—M.T. Fletcher, Columnist, **Ad Age**
- » “As a leader, I’ve always tried to bring people forward and help them believe in themselves, to nudge and prompt.”—Colleen DeCourcy, President, Chief Creative Officer, **Wieden+Kennedy**
- » “The most important questions you should ask your agency are staffing questions—and the most important single question is, ‘What are you doing to compete effectively for the best talent?’”—Steve Boehler, Founder/Partner, **Mercer Island Group**
- » “People need to be able to work together and learn from each other to be their best.”—Yannick Bolloré, Chairman and CEO, **Havas Group**
- » “The client-agency relationship is in dire need of a reset. Great work often requires great partnerships. And great partnerships require respect.”—Arwa Mahdawi, **Freelance Columnist and Brand Strategist**

- » “I think that ad agencies are tired of feeling the lack of respect that shows up in so many ways. It shows up in timelines, it shows up in fees, it shows up in jump balls. It shows up in extraordinarily long pitches, it shows up in not having a seat at the table, it shows up in being actively dismissed or erased for our contribution. I feel like agencies are feeling dismissed and that the value of what we provide is being called into question every day.”—Kristen Cavallo, CEO, **The Martin Agency**
- » “We believe this is the future of business—defining the right problem and identifying the right experts to solve it.”—David Alberts, Co-Founder, **BeenThereDoneThat**

Company profiles:

- **Quigley Simpson** (www.quigleysimpson.com) is a fully integrated, multidisciplinary independent agency with offices in LA and NYC and the largest Women’s Business Enterprise National Council (WBENC)-certified advertising agency in the country. The agency has a long track record with clients like JPMorgan Chase and Procter & Gamble (a multi-year member of P&G’s diversity committee), where diversity and inclusion are core to their operating model and brand ambitions. Clients also include Philips, NBC Universal, Hulu, Yelp, and Febreze. Under one roof, and operating as one team, the agency offers “Brand-Led and Demand-Driven” services ranging from insights and strategy, creative, media, performance video, data and analytics, social, customer experience, and commerce.
- **Rethink** (<https://rethinkideas.com>) is one of the largest global independent agencies. The Vancouver-based agency has over 300 employees across offices in New York, Toronto, Vancouver, and Montréal and was selected as a top 10 2022 innovative agency by Fast Company. Rethink is the Effies’ most effective independent agency in North America, and Ad Age’s 2021 Creative Agency of the Year. It is the second-ranked independent agency in the world by the 2021 Cannes Lions. The agency joined the ICOM network of independent agencies in 2018. Agency services include branding, creative, advertising, design, online, digital, pay-for-performance, and social media. Clients include IKEA, Scotts, Heinz, Kraft, Coors Light, and Molson.
- **SS+K** (<https://www.ssk.com>) is a NY-based agency that combines the rigor of political strategy and the power of creativity to help brands navigate, create, and lead meaningful change. Agency services include creative (integrated, content creation, branding, identity design), strategy (brand purpose, strategy, etc.), and change management (corporate reputation, CEO communications, business transformation). The agency’s proprietary Social Forces™ Monitor is a cultural monitoring tool to “identify and understand changing patterns in consumer behavior that have the gravitational pull to move people.” Clients include Facebook, HBO, Planned Parenthood, Microsoft, E*TRADE, The New Yorker, and WhatsApp.

Check out one of our latest articles: “**A Glimpse at the Future of Advertiser/Agency Relationships**: Current industry trends and developments that will impact how we partner with agencies in years ahead.”

New article!

A Glimpse at the Future of Advertiser/Agency Relationships

Current industry trends and developments that will impact how we partner with agencies in years ahead.

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2021 New Business League Holding Group Rankings by R3:



2021 NEW BUSINESS LEAGUE HOLDING GROUP RANKING

Global / 2021

RANK	HOLDING GROUP	ESTIMATED CREATIVE YTD REVENUE (USD \$m)	ESTIMATED MEDIA YTD REVENUE (USD \$m)	ESTIMATED OVERALL YTD REVENUE (USD \$m)	AS % OF 2020 REVENUE	NO. OF WINS
1	WPP	838.6	684.2	1522.8	9.9%	2,140
2	Publicis Groupe	233.1	326.3	559.4	5.4%	899
3	Omnicom	237.1	266.5	503.6	3.9%	859
4	Interpublic	212.2	101.7	314.0	3.3%	632

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



If there is turmoil in talent management, there are also profound changes in how companies produce work. A recent article asked, “Can Brands Survive Without Advertising?” speaking to a trend towards non-traditional marketing techniques like word-of-mouth marketing and sponsored content. Agencies are also getting better at saying “no” and at asking for fair compensation. The headline, “No agency could have done this,” (Coinbase CEO’s controversial tweets) prompted the industry to call on unfair practices, issues around ownership of work and growing tension about the real (or perceived) lack of appreciation and respect by some clients. Agencies are also getting more vocal. For example, Starch Creative claimed that Laird Superfood, an Oregon-based organic coffee and food maker, had appropriated the shop’s work following an unpaid RFP.

- Omnicom Group’s data and analytics division, **Annalect**, announced a multi-year agreement with Affinity Solutions to integrate retailer purchase transactions (7+ billion credit and debit card transactions annually) into Omni to evaluate and analyze investments based on actual buyers and their level of spend.
- **WPP’s GroupM** launched a programmatic marketplace, named The GroupM Premium Marketplace, which covers connected TV, online video, and display ads in an attempt to bring greater transparency to the marketplace, reducing opportunities for fraud and inventory misrepresentation in the media supply chain.
- Beer giant company **AB InBev** created its own internal awards program called the CreativeX Awards to rate and celebrate the brewer’s creative work in addition to submitting work to external awards programs.
- Per P&G’s Chief Brand Officer Marc Pritchard, **5 ways to better media experiences** that drive growth and value:
 - 1) Respect consumer data as their data
 - 2) Innovation in media planning and buying
 - 3) Connect media to commerce
 - 4) Innovate to immerse and engage with consumers
 - 5) Accelerate growth with multicultural media
- **“No agency could have done this,”** Twitter message by Coinbase CEO, about its successful QR code Super Bowl ad, drew much debate about the perception issues faced by agencies feeling undervalued by clients for their ideas.
- Per TrinityP3, **common problems with determining scope of work are:**
 - 1) The marketing plan does not currently exist (no plans, no approval)
 - 2) The budget is unconfirmed or changing (clearly someone with deep pockets)
 - 3) The details of the marketing plan are unclear (someone who is indecisive)
 - 4) The requirements are defined by the business, not marketing (you are actually the architect, and the real client is somewhere else)

- Of the 60 Super Bowl advertisers spending \$7 million per 30-second spot, **Stagwell’s agencies** accounted for 10% of the work, namely 72andSunny for the NFL (Ranked #8 in the USA Today Ad Meter); Forsman & Bodenfors for Polestar; Doner for Cue Health; and Anomaly for Meta, Vroom, Diageo, and Expedia.
- Per Ad Age, the **top 5 Super Bowl TV commercials** were:
 - 1) Coinbase: WAGMI (“We’re All Going to Make It”) by Accenture Interactive
 - 2) GM/Chevrolet: New Generations by McCann
 - 3) Uber Eats: Uber Don’t Eats by Special Group US
 - 4) Toyota: The Joneses by Saatchi & Saatchi LA/Dallas
 - 5) Lay’s: Stay Golden by Highdive
- **Coinbase’s** highly successful QR code 60-second ad, “Less talk, more Bitcoin,” during the Super Bowl consisted of a colorful bouncing QR code. The brand spent \$14 million. The ad was so popular that it crashed the app.
- Lender **Rocket Mortgage’s** 60-second spot, “Barbie Dreamhouse,” won the coveted top spot on the USA Today Ad Meter, which ranks viewer preferences. The ad was produced by Chicago-based agency Highdive.

Awards:

- **WPP** was the most awarded company at the 2021 Cannes Lions Festival, ranking number one across all three WARC rankings for media, creative, and effectiveness.
- European Effie’s named **Havas Group** “Agency of the Year” during their 2021 awards—with gold trophies for “Undercover Avatar” by Havas Sports and Entertainment for Association L’Enfant Bleu, and “Tomorrow’s Water” by Havas Turkey for Reckitt. R3 ranked Havas Creative #1 in Europe, #1 in the UK, and #2 globally in their 2021 creative new business league standings.
- Per Fast Company, the **10 most innovative advertising agencies of 2022:**
 - 1) TBWA Worldwide
 - 2) Mischief @ No Fixed Address
 - 3) Wieden+Kennedy
 - 4) FCB
 - 5) Rethink
 - 6) The Community
 - 7) Check My Ads
 - 8) SS+K
 - 9) Observatory
 - 10) Engine Creative

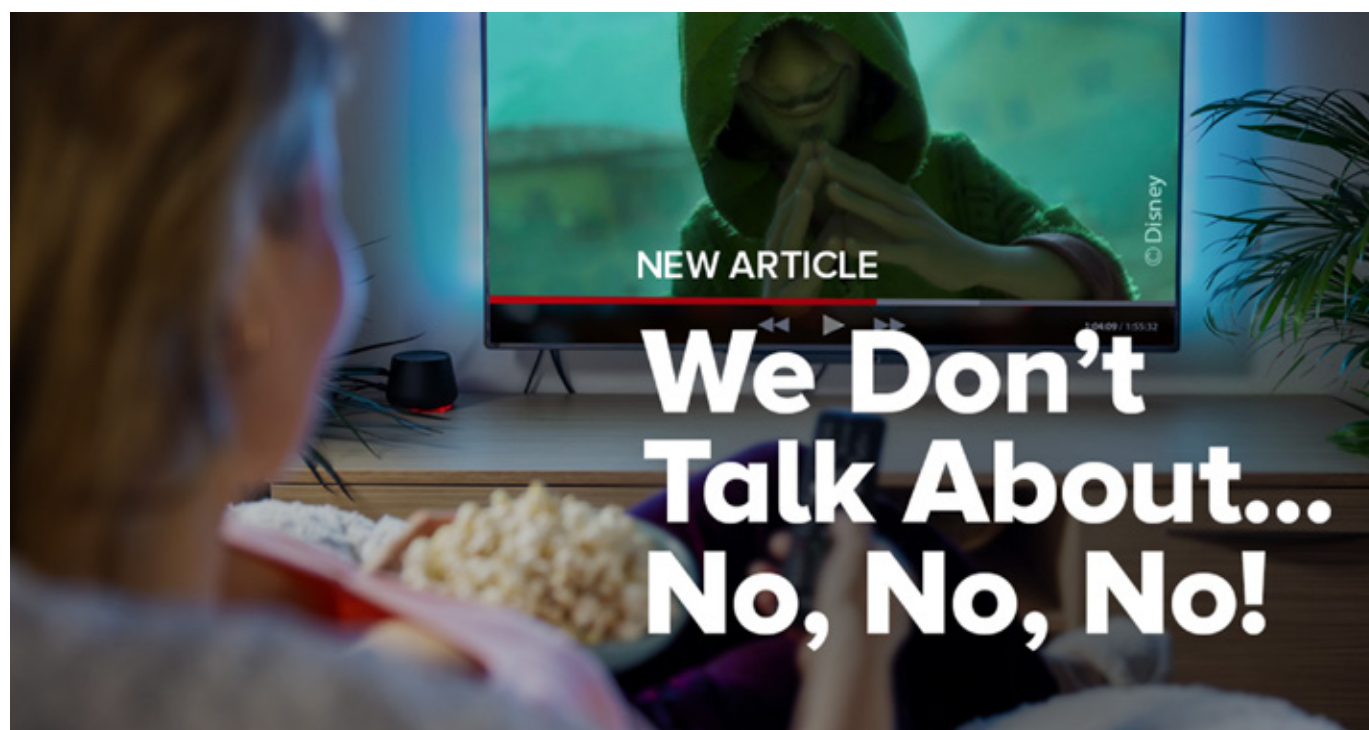
Per Fast Company, the most innovative 2022 companies in social media are: Shopify, Tinder, Koji, Genies, Rally, Ooooo, Pearpop, Launch House, Lumanu, and Fave.

- The **Cannes Lions Festival** named Anheuser-Busch InBev (AB InBev—and owner of Budweiser, Stella Artois, and Corona) its 2022 “Creative Marketer of the Year.” The brand won 40 individual Lions in 2020 and 2021—including two Grand Prix, two Titanium, nine Gold, 10 Silver, and 17 Bronze.
- The **New York Festivals International Advertising Awards** introduced a new category group, called “Hell’s Kitchen,” designed to shine a spotlight in 2022 on creative work produced on behalf of legalized and regulated category vice brands like alcohol, gambling, cannabis, and tobacco-related products.

Noteworthy quotes:

- » “Clients often have as limited access to their upper management as the agency, which means creativity dies in an endless cycle of second-guessing.”
—M.T. Fletcher, Columnist, **Ad Age**
- » “Marketing—our sole reason for being is to drive growth of the business.”—Carla Hassan, CMO, **JP Morgan Chase**
- » “Marketing plans used to change once a year. Now, once a week is too slow.”—Matthew Lieberman, CMO, **PwC**
- » “Good ideas are like pop-up books; they get dimensional right before your eyes.”—Atit Shah, Chief Creative Officer, **Digitas North America**
- » “Agencies don’t wave magic wands, and experimentation and optimization are a crucial operational aspect of digital-first marketing.”
—Mandy Dhaliwal, CMO, **Boomi**
- » “The metaverse provides a wealth of new media and new opportunities for the communications sector and for brands.”—Yannick Bolloré, Chairman and CEO, **Havas Group**
- » “Complexity quickly turns to chaos when you have a stack of unintegrated, mismatched tools, without much shared infrastructure across them.”
—Scott Brinker, Editor, Chiefmartec.com and VP Platform Ecosystem, **HubSpot**
- » “‘No’ places a value on your work. ‘No’ helps you avoid burnout. ‘No’ sets relationship terms grounded in mutual respect.”—Kerry McKibbin, President and Partner, **Mischief @ No Fixed Address**
- » “A creative presentation should feel like the beginning, not the end.”—Melissa Wildermuth, Global Creative Director, **General Mills**
- » “This is part of the partnership pledge. Client-developed scopes of work have not worked; it takes a partnership to identify and settle on the right programs.”—Michael Farmer, Chairman/CEO, **Farmer & Company LLC**
- » “Giving agencies feedback is a tremendous skill. It’s not enough to just say, ‘I don’t like this.’ You need to have seen enough creative to actually give effective feedback.”—Chris Brandt, CMO, **Chipotle Mexican Grill**

Check out one of our latest articles: **“We Don’t Talk About... No, No, No!”**: Three major roadblocks to highly effective marketing and collaborative client/agency partnerships... and why brand advertisers should talk about them.



FINANCIALS: Driving efficient use of resources

Holding companies also posted remarkable 2021 financial performance across the board. Revenue was up, organic growth was as well, and operating margins improved. All of the work they did to streamline operations and reduce costs also paid off. Spend also increased, especially in commerce, digital, and data. Amazon's performance as it relates to its advertising business (now \$31 billion) is also worth mentioning. That was then and this is now. We are dealing with another major storm. What will be the lasting impact of inflation and current world events on agencies and their financials?

- Per **World Federation of Advertisers (WFA)**, three-quarters of top brands have reallocated, reduced, or cut spending entirely in Russia in a show of support for Ukraine.
- Per Matthew Lieberman, CMO at PwC, "**Martech** is booming—it's now worth nearly \$350 billion and represents more than a quarter of marketing budgets."
- Per COMvergence, "**Marketing and communications agency acquisitions** were up sharply in 2021 after declining for several years but still below the level reached five years ago." Deals totaled 86 in 2021, representing acquired revenues of more than \$2.5 billion. Accenture was the most acquisitive group with 21 acquisitions, among which 13 were in the cloud platform space (including Imaginea). Of all the agencies acquired in 2021, 76% were digital and data, 15% creative, and 1% media.
- The Association of National Advertisers (ANA) launched a probe of **programmatic digital media buying**, recruiting investigative firm Kroll alongside consulting firm PwC and industry body TAG TrustNet.
- Per Standard Media Index's (SMI) Forward Bookings intelligence, **Super Bowl LVI 30-second unit ad rates** were up 5% YOY at \$4.8 million per spot on average.
- Per iSpot.tv, **viewing of Super Bowl TV commercials before the game** is 1.33 billion from 1,862 airings—105 creatives from 45 brands. Per Tubular Labs, the most-viewed TV commercials were from Nissan, Pepsi, Bud Light, Amazon, and Frito-Lay. Best-performing spot was Nissan's "Thrill Driver" teaser/commercial with a total of 37.3 million impressions.
- Per WARC (World Advertising Research Center), the **IRL** (acronym for "in real life" which includes out-of-home and cinema advertising) ad spend will reach \$44.4 billion in 2022.
- Per Juniper Research, **digital advertising spend lost to fraud** will reach \$68 billion globally in 2022 vs. \$59 billion in 2021. Five countries account for 60% of ad fraud. The most affected are US, Japan, China, South Korea, and UK.
- Black-owned holding company **Direct Digital Holdings**, which provides an end-to-end full-service programmatic advertising platform to SMBs, announced its filing for its IPO (on the Nasdaq under the symbol DRCT).
- London-based **BeenThereDoneThat** collective, aka the "open talent network" of C-suite talent considered the world's best Chief Strategy and Chief Creative Officers, raised \$6.5 million in a Series A funding round. The agency's approach is to assign 3 thinkers to produce 3 ideas each and produce 9 actionable solutions in 1 week.
- LA-based full-service immersive digital marketing agency **Pretty Big Monster (PBM)** reported 44% YOY revenue growth in 2021 due to growing demand for its AR and VR offerings (as well as websites, social, display, and experiential activations). Clients include Disney, Warner Bros., Sony, Amazon, Netflix, NBCUniversal, and Snap.

ARTICLE: COVID PRODUCTION SAFETY PROTOCOLS BY REGION from APR

Contributed by: Karen Jacobs, President of Client Solutions and member of the APR Client Solutions Team

The pandemic catalyzed sweeping changes across the advertising industry, and as COVID variants continue causing uncertainty around the globe, we're here to help guide you with **this quick overview of the world's varying production protocols**, broken down by region or country.

As a growing number of countries experience a decrease in COVID infection rates, many of our clients are wondering if costs will also decrease. Although cases may be on the decline in any region, our experts recommend that marketers continue planning for increased production costs due to continued safety practices, scarcity of crew and talent, increased rates, and contingency plans for fluctuating health and safety requirements.

EXAMPLE: UNITED STATES

The AICP has extended COVID protocols until March 31, with the TV and Film agreement expiring April 30. All testing and safety protocols remain. Marketers should continue to account for increased budgets while safety protocols change. For any non-union or still production work, we encourage you to follow local county and state guidelines.

Here is a link to the CDC breakdown by county.

Again, our recommendation is for marketers to continue planning for increased production costs—even if data shows a decline in COVID cases in any particular country. In many instances, production safety protocols build upon government-enforced health mandates, which, as we've witnessed, are subject to massive, potentially overnight, changes.

We recognize that **this list** is not exhaustive in scope or detail. As COVID-related production protocols continue to shift across the globe, our experts are on standby to support you through this changing landscape.

Please don't hesitate to contact APR for more information.

- **Amazon** reported that its annual advertising revenue reached \$31 billion for 2021, mostly fueled by demand for sponsored ads, streaming video, and measurement. Although it represents only 7% of total revenue in Q4 2021, it positions Amazon as one of the Big 3 ad tech giants with Google and Meta.
- **Alphabet** had a record-breaking \$257 billion in revenue for 2021, fueled by a 32.5% increase in ad sales, driven by Google and YouTube. **Google's** advertising revenue rose 32% to about \$75 billion in the fourth quarter of 2021.

Holding company financial performance:

- **WPP** reported that revenues totaled £10.4 billion (\$13.9 billion), up 6.5% versus a year ago. The group showed very strong growth driven by demand for digital services, ecommerce, and technology (now 38% of revenue) and the performance of GroupM (organic revenue rose by 16.1%). Operating margin was 14.4%. WPP continued its investments: creation of Choreograph; acquisitions including Sard Verbinen, Satalia, Cloud Commerce and Numerator (Kantar). \$8.7 billion of net new business won, including the global Coca-Cola account. Transformation program (property, procurement, simplification, shared services, and IT transformation) is on track with £245 million gross savings. Over £1 billion total cash returns to shareholders through share buybacks and dividends.
- **Publicis Groupe** reported revenue was up 8% for the year 2021 to a record €10.5 billion (\$11.9 billion) with organic growth of 10% versus 2020. Organic growth in 2022 is expected to be 4% to 5%. North America performed strongly. Key wins included Stellantis, Walmart, TD Bank, Facebook parent Meta, and an estimated 900 pieces of new business (or \$560M). The firm realized double-digit growth by both data unit Epsilon and digital transformation division Publicis Sapient. The group increased its mergers and acquisitions budget to €400-€600 million, up from €300 million in 2021. The operating margin rate improved to 17.5%, up from 16.0% in 2020.
- **Omnicom Group** reported revenue was up 8.5% for the year 2021 to a strong \$14.3 billion with 10.2% organic growth. Operating profit margin was 16.1% and operating profit reached \$622.5 million in Q4. Organic growth in Q4 increased across disciplines: 7.4% for Advertising, 19.6% for Precision Marketing, 12.4% for Commerce & Brand Consulting, 56.7% for Experiential, 5.2% for Execution & Support, 4.4% for Public Relations and 4.5% for healthcare. Now strong of 70,000 people worldwide, the firm cut 5,000 jobs during the health crisis. Future acquisitions are expected in growth areas like precision marketing, data & analytics, ecommerce, and healthcare.

- **Interpublic Group of Cos** reported revenue of \$10.24 billion for the year 2021, or \$9.11 billion net revenue, a 12.9% increase YOY. Organic revenue increased by 11.9% worldwide (LATAM at 22.8%). Q4 revenue was \$2.55 billion, up 11.6% YOY, fueled by new business wins by UM, McCann, MullenLowe, Deutsch LA, and R/GA. Operating income for the full year 2021 was \$1.44 billion. The operating margin rate was 16.8%, an increase YOY (13.5%). 27% of net revenue comes from healthcare, followed by tech & telco.
- **Dentsu** reported revenue of JPY 976.5 billion (YoY +16.9%) or 19.2% at Dentsu Japan Network, and 15.4% at Dentsu International. Group organic growth was 13.1%. Dentsu Japan Network reported Q4 FY2021 organic growth of 17.3% and Dentsu International reported organic growth of 12.1%, led by the cyclical recovery in media as well as increased client spend on digital transformation initiatives. Customer Transformation & Technology grew in double digits, led mainly by Dentsu Digital in Japan and Merkle in the international business. Cloud solutions, commerce & experience, and identity & analytics remained the fastest growth areas.
- **Havas** (which is part of global entertainment, media, and marketing company Vivendi) reported 2021 revenue of €2.34 billion (\$2.6 billion), up 9.2% YOY (Vivendi's reported all-up revenue increased 10.4% to €9.6 billion or \$10.6 billion). Organic revenue growth was 10.4%, fueled by its Creative, Media and Health Communications divisions. Key wins included Volkswagen and Telecom Italia (creative), IAG airline group and Unilever (media), and AbbVie and Novartis (healthcare).
- **Stagwell** reported revenue of \$1.93 billion with organic growth (which excludes M&A and currency impact) of 14.5%. The group posted a 10.4% gain in net revenue in Q\$4, or \$520 million with organic growth of 11.3%. Creative and communications contributed nearly half of the firm's revenue (47%); digital transformation services (23%); performance, media, and data (21%); and consumer insights and strategy (9%). The firm expects organic net revenue growth of 18% to 22% and \$3.4 billion in revenue by 2025.

Mergers and acquisitions (M&A) activity:

- **Omnicom** acquired San Francisco-based performance marketing agency TA Digital, which will sit under Omnicom Precision Marketing Group (OPMG) and be closely aligned with marketing transformation consultancy Credera. The move aims at boosting Omnicom's expertise on the Adobe Experience Platform and its ability to provide digital marketing and business transformation services to clients.
- **Omnicom Health Group** (part of Omnicom Group) acquired Propeller, a digitally-focused (100% digitally native) omnichannel engagement marketing agency that specializes in healthcare to boost its capabilities as an omnichannel strategy, content, and delivery agency within this vertical.

- Atlanta-based marketing company **Acadia** acquired ecommerce specialist firm Bobsled Marketing, which has deep expertise in platforms including Amazon, Instacart, Walmart, and Target. Bobsled is a partner in the Amazon Central Sellers program, and one of 10 named providers in Walmart's new Agency Partner Ecosystem.
- Independent PR agency **Finn Partners** acquired AHA (Alling Henning Associates), a women-owned Vancouver, Washington-based brand strategy and creative agency that offers purpose-driven marketing and strategic branding, creative, and program execution and implementation services.
- WPP** acquired Village Marketing, an influencer marketing all-female-staff firm that managed President Joe Biden's campaign, which uses influencer content alongside performance marketing strategies to drive results for clients like Nike, Netflix, and SoulCycle.
- Havas Group** acquired Inviqa, one of the UK's leading independent digital experience agencies in a bid to improve scale and capabilities in experience design, software engineering, tech consulting, and ecommerce. The firm will be integrated into Havas Creative's customer service network, merging with Havas CX agency ekino London.

- Backstage Holdings was acquired by **Cast & Crew**, a leading cloud-based platform powering production and content creation. Backstage Holdings offers a talent marketplace that provides content tools for creatives including Voice123, a subscription-based marketplace for voice actors; Film Freeway, a tech-enabled submission platform for the world's leading film festivals; and Industry Arts, the global leader for screenwriting resources.

Noteworthy quotes:

- » "If your agency's rates have not increased, you should ask why not. It is far better to deal with a rate increase than agency talent or service degradation."—Steve Boehler, Founder/Partner, **Mercer Island Group**
- » "With the rise in project-based work versus traditional retainer relationships and the dramatic expansion of technology enabled support, including programmatic media buying, we believe that the most effective means of compensating advertising agencies is time-and-material."—Cliff Campeau, Principal, **AARM**
- » "The ad industry, which so admirably mastered the technical complexities of digital and social media, is threatened by its deteriorating business economics. The business model is broken."—Michael Farmer, Chairman/CEO, **Farmer & Company LLC**

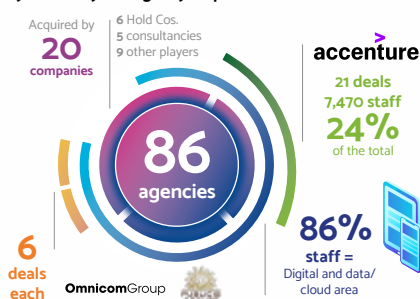
COMvergence tracking the global MarCom industry

SPOTLIGHT #9 | February 2022

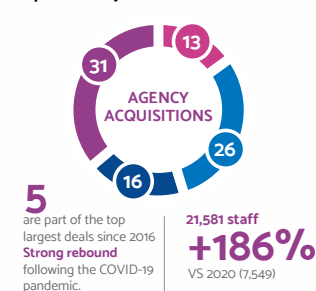
MARCOM AGENCY ACQUISITIONS

MARCOM AGENCY ACQUISITIONS IN 2021

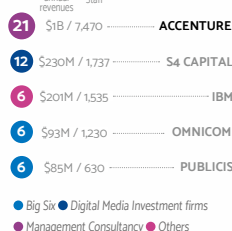
Key takeaways on agency acquisition deals



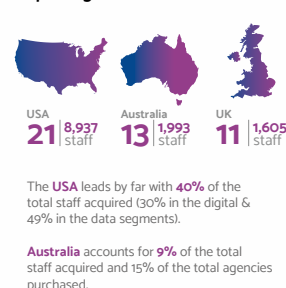
Acquisitions by the numbers in 2021



TOP

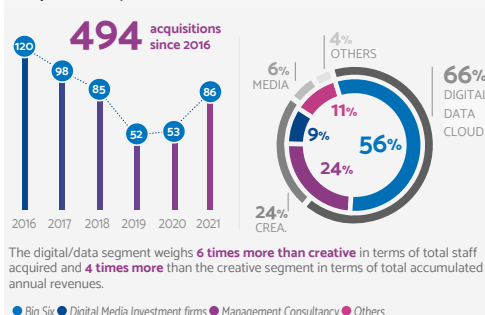


Top 3 targeted countries



MARCOM AGENCY ACQUISITIONS 2016-2021

Acquisitions by the numbers



TOP



Top deals since 2016 (in terms of staff)



Most targeted geographic zones since 2016



AGENCY: Agency reviews and roster changes



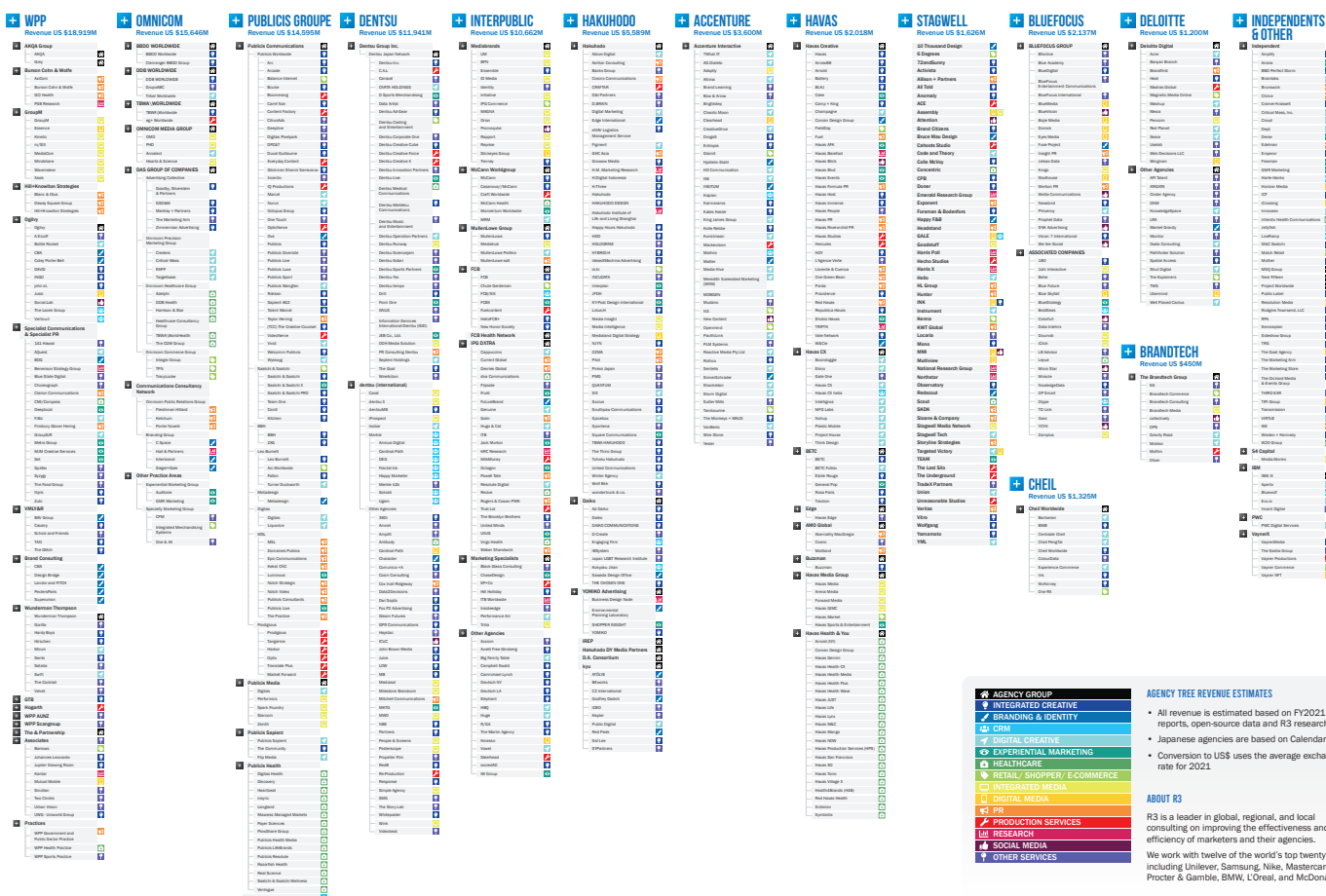
Disclaimer: The reviews listed often capture larger review activity reported in the industry trade press, which we understand to be only a subset of total review activity. Specialist reviews (digital, social, PR, etc.) are rarely reported in the trade press. Also, due to the increasing number of project reviews (versus AOR/retainer reviews), many of those are not receiving media attention and therefore are not included here.

- Amsterdam-based paint maker **AkzoNobel** selected Interpublic Group's Mediahub as its first global digital media AOR, following a review, replacing incumbent WPP's MediaCom, which retains offline media planning and buying. The agency will rely on its sister company, Acxiom.
- Unilever's global tea marketing division **ekaterra** (Lipton, Pukka, PG Tips, TAZO, and other brands recently sold to CVC Capital Partners for \$5 billion) kicked off a global media review. Media buying has previously been handled by WPP media agencies.

- E-Cloth** selected Rinck Advertising as its first integrated AOR, following a review. The agency will handle brand strategy, creative, consumer insights, content, digital, and media buying and planning.
- Hearing-aid manufacturer **Eargo** selected UM, the global media agency network of IPG Mediabrands, as its media AOR, following a review. The agency will handle media strategy, planning, buying, SEO, analytics, and consumer experience.
- FedEx** kicked off a review of its media business. Two decades-long incumbent Omnicom's OMD is expected to defend. There is no impact to the creative AOR relationship with Omnicom sibling BBDO.
- Online grocery delivery service **FreshDirect** selected Cincinnati-based agency Curiosity as its first creative AOR, following a review. The brand previously worked on a project basis with several agencies.
- Food delivery app **Grubhub** selected UM as its US media AOR in a bid to consolidate its media activities, following a review and replacing incumbents dentsu for out-of-home media and Havas for TV media. The agency will handle all media including television, digital, connected TV, and programmatic.









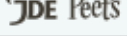

















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- Pet-care firm **Hartz** selected San Francisco-based Cutwater as its creative and media AOR, following a review, replacing incumbent Carmichael Lynch. The agency will handle creative, media buying and planning, brand, and social strategy.
- **Honda UK** selected Karmarama, part of Accenture Interactive, as its lead creative agency, following a review. The agency retains the account after an extensive 18-year relationship with the brand.
- AT&T's WarnerMedia streaming platform **HBO Max** kicked off a review of its creative account. Incumbent Omnicom BBDO is expected to defend.
- Amsterdam-based coffee marketer **JDE Peet's** (with brands like Jacobs, L'Or, Tassimo, and Senseo) consolidated its global creative account with WPP, which will operate from its Amsterdam campus. The agency will leverage talent from its network, including Design Bridge and Wunderman Thompson.
- **Kroger** selected Omnicom DDB New York as its strategic and creative AOR for its retail pharmacy chain Kroger Health, expanding its existing footprint with the brand. DDB New York was previously named AOR for the Kroger chain of grocery stores in 2019.
- Fast food chain **KFC**, part of YUM! Brands, selected MullenLowe as its lead creative agency in the US, following a review, replacing incumbent independent Wieden+Kennedy. The brand recently named Publicis' Spark Foundry its lead media agency, following a separate review.
- Dallas-based global influencer marketing platform **LTK** selected Deloitte Digital as its new AOR for creative, media planning, and strategy. The agency will combine creativity, strategy, data, and technology to serve the brand.
- **LEO Pharma** selected Bartle Bogle Hegarty (BBH) as its global AOR, following a review. The agency will handle work related to chronic hand eczema disease awareness.
- Swiss retailer **Migros Fachmarkt AG** selected WPP as its strategic marketing and communications partner, following a review. WPP created a dedicated entity called Team Connect, which will bring together resources from its talent pool in Switzerland (Ogilvy, Scholz & Friends, Wunderman Thompson, Hogarth, and Choreograph).
- **Mars, Inc.**, retained GroupM's MediaCom as its global media AOR, following a review. The new contract, estimated at \$1 billion in media spend, will be effective through the end of 2025. The brand also expanded its relationship with GroupM, selecting MediaCom sister shop Essence as its "biddable media" management agency.
- **Norwegian Cruise Line** selected Digitas as its global media AOR, consolidating work previously distributed to various agencies, replacing incumbent OMD for traditional buying in the US, dentsu's 360i for digital media in the US, and Neo Media World for Europe media. The agency will handle the brand's media business in the US, Europe, Australia, Asia Pacific, Latin America, and Brazil.
- Personal finance company **NerdWallet** selected creative marketing agency Deutsch LA as its new lead creative AOR in the US, following a review and replacing incumbent ARGONAUT.
- Forestport, NY-based **Nirvana Water Sciences Corp.** selected Southern California-based agency SCS as its AOR. The agency will handle performance analytics, digital marketing, and digitally driven marketing strategy and execution.
- Cereal marketer **Post Consumer Brands** (Honey Bunches of Oats, Raisin Bran, Pebbles, etc.) selected Interpublic's Mediahub as its US media AOR, following a review, replacing incumbent Publicis Media's Spark Foundry. The agency will operate from its Minneapolis office with support from its entire network.
- **Reynolds Consumer Products** selected Omnicom Group's DDB Chicago and Hearts & Science as creative and media AORs respectively, following a review, replacing 12-year incumbent Havas Chicago. The agencies will handle all RCP work including the Hefty Business Unit.
- **Santander** selected dentsu-owned Carat as its AOR for the UK, Spain, and Portugal, following a review. Carat has been working for the brand in the UK for 20 years. Fellow dentsu agency dentsu X won the account for the US and Poland.
- **Steak-umm Company** selected Knoxville, Tennessee-based agency Tombras as its integrated AOR, replacing seven-year incumbent Allebach Communications. The agency will handle all of the brand's creative and media.
- **Virgin Voyages** selected two Omnicom agencies to lead its media-related marketing efforts across the UK and North America: Hearts & Science (UK) and OMG's Resolution (North America). The agencies will handle all media, including multiscreen touchpoint strategy with TV, performance, and digital, including pay-per-click, organic and paid social, and digital display.
- Remote work platform **Velocity Global** selected IPG's McCann Worldgroup as its new global creative AOR. The agency will support all B2B brand and creative efforts to promote the Global Work Platform™.
- Sustainable deodorant brand **Wild** selected BBH London as its new full-service creative AOR, without a formal review. The agency will support the newly launched company expanding its global footprint.

Agency roster summary:

COMPANY LOGO	CLIENT	INCUMBENT	CHANGE/SCOPE	FOCUS AREA	NEW AGENCY	REVIEW?
	AkzoNobel	MediaCom	Digital Media AOR	Global	Mediahub	Y
	ekaterra	WPP Media Agencies	Media	Global	<i>Review in Process</i>	Y
	E-Cloth	Unknown	Integrated AOR	Unknown	Rinck Advertising	Y
	Eargo	MMSI on select media planning and buying	Media AOR	US	UM	Y
	FedEx	OMD expected to defend	Media	Unknown	<i>Review in Process</i>	Y
	FreshDirect	Agencies on a project basis	Creative AOR	US	Curiosity	Y
	Grubhub	dentsu (<i>out-of-home media</i>) Havas (<i>TV media</i>)	Media AOR	US	UM	Y
	Hartz	Carmichael Lynch	Creative and Media AOR	Unknown	Cutwater	Y
	Honda UK	Karmarama	Lead Creative	UK	Karmarama	Y
	HBO Max	BBDO expected to defend	Creative	Global	<i>Review in Process</i>	Y
	JDE Peet's	Unknown	Creative	Global	Consolidated with WPP	Unknown
	Kroger (Kroger Health)	Unknown	Strategic, Creative AOR	US	DDB New York	Unknown
	Yum! Brands (<i>KFC</i>)	Wieden+Kennedy	Lead Creative	US	MullenLowe	Y
	LTK	Unknown	AOR	Global	Deloitte Digital	Unknown
	LEO Pharma	Unknown	AOR	Global	Bartle Bogle Hegarty (<i>BBH</i>)	Y
	Migros Fachmarkt AG	Unknown	Strategic Marketing and Communications		WPP	Y
	Mars, Inc.	Unknown	Media AOR	Global	MediaCom	Y
	Norwegian Cruise Line	OMD (<i>Traditional Buying, US</i>) 360i (<i>Digital Media, US</i>) Neo Media World (<i>Media, EU</i>)	Media AOR	Global	Digitas	Unknown
	NerdWallet	ARGONAUT	Creative AOR	US	Deutsch LA	Y
	Nirvana Water Sciences Corp.	Unknown	AOR	Unknown	SCS	Unknown
	Post Consumer Brands	Spark Foundry	Media AOR	US	Mediahub	Y
	Reynolds Consumer Products	Havas Chicago	Creative AOR	Unknown	DDB Chicago	Y
	Reynolds Consumer Products	Havas Chicago	Media AOR	Unknown	Hearts & Science	Y
	Santander	Unknown	AOR	UK, Spain, and Portugal	Carat	Y
	Santander	Unknown	AOR	US and Poland	dentsu X	Y
	Steak-umm Company	Allebach Communications	Integrated AOR	Unknown	Tombras	Unknown
	Virgin Voyages	Unknown	Media-Related Marketing	UK	Hearts & Science	Unknown
	Virgin Voyages	Unknown	Media-Related Marketing	North America	Resolution	Unknown
	Velocity Global	None	Creative AOR	Global	McCann Worldgroup	N
	Wild	Unknown	Full-Service Creative AOR	Global	BBH London	N

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