

Industry Update

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

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AGENCY



Agency reviews and roster changes

The Bayer-owned over-the-counter pain reliever brand Aleve selected Interpublic’s MullenLowe New York as its creative AOR in the US after a review.

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EXECUTIVE SUMMARY: Monthly recap

Global economic challenges, including the impact of the war in Ukraine, the COVID-19 pandemic, inflation, and supply-chain disruptions, caused uncertainty and volatility in our industry. The tragic war in Ukraine continues, and beyond the horror of this human tragedy, economic fallout likely will go on for years after the conflict ends.

As expected, all major holding companies suspended operations in Russia as a result of unilateral US and international sanctions imposed on Russia, even transferring ownership to local partners or local management. Thousands of Russian employees have been affected.

Brand advertisers also massively moved in the direction of stopping all or some of their business in Russia, based on the nature of their work or in light of consumer sentiment and public opinion.

Fueled by morality, integrity, and, let’s face it, peer pressure, brands and their agencies unilaterally distanced themselves from Russia in one way or another.



Our thoughts and prayers are with the people of Ukraine.

Bruno Gralpois
Co-Founder and Principal,
Agency Mania Solutions

TALENT: Securing the right talent and resources

The “Great Resignation,” aka the “great talent attrition,” is in full swing, and our industry is feeling the pinch. Some refer to the phenomenon as the “Talent Feeding Frenzy.” Retaining and attracting talent has never been harder. As demand increases and supply shortens, costs continue to rise. Agencies and brands are introducing new benefits to reduce voluntary attrition, which is estimated to be at least 30% to 40% in advertising, well exceeding other industries (with the exception of tourism perhaps). We can expect this topic to receive much attention as the industry figures out creative ways to solve this challenge.

- Per the Association of National Advertisers and Forbes, the **annual turnover rate** in the advertising industry is estimated to be 30%, the second-highest rate overall, after tourism, and twice the rate across all industries (per Cendex/XpertHR, turnover was 14.4% in 2021). Per McKinsey, 40% of employees stated they were at least somewhat likely to leave their current job within three to six months. 64% of employers expect voluntary turnover to remain elevated or to increase.
- Per the ID Comms 2022 Global Media Talent Report, only 4% of brand and agency leaders strongly agree that advertisers’ **current internal and external media talent** meets their needs. 75% of agencies and 68% of advertisers rate talent churn as a top concern, and 76% think finding the right staff members will become increasingly challenging in the next year.
- Per COMvergence, there were **155 US creative new business assignments** in 2021, a sharp increase from 92 in 2020. Sixteen agencies captured 70% of the combined media spend represented by US advertisers/brands that reviewed their creative accounts in 2021. Three agencies represented 25% of total spend, with independent agency Wieden+Kennedy winning six accounts representing combined media spending of \$420 million, followed by Omnicom’s TBWA\Chiat\Day, which won seven accounts representing \$340 million.
- **Challenger Stagwell** showed up strong as the network was recently tied as the second-most-awarded global marketing network in the Ad Age 2022 A-List Awards, beating out much-larger legacy giants.
- **PepsiCo Beverages North America’s** in-house 52-person Content Studio developed more than 1,400 unique content assets in the past year. The studio complements the company’s brand teams, of which there are more than 20, and their agency partners with the goal to elevate overall creative excellence.
- **WPP** opened nine campuses in 2021 for a total of 31. Ten more are scheduled to open in 2022 (including in Paris, Tokyo, Toronto, Manchester, and Guangzhou). The holding company’s goal is to have 65 campuses accommodating 85,000 people by 2025, reducing the overall need for space by 15% to 20%.

New agencies, capabilities, restructures, and reorganizations:

- After Ryan Reynolds’s successful venture into advertising with his company Maximum Effort (which merged with MNTN), it’s now the turn of actor and entrepreneur Kristen Bell. Bell has launched a creative studio and production company called **Dunshire Productions**. The firm and its writers, producers, and directors will help brands (and agencies) produce traditional spots as well as short-form digital content.
- The newly launched agency **Modern Fanatic** is helping “brands connect with fans.” Created by a team of marketing and entertainment veterans with pop culture backgrounds, Modern Fanatic’s clients include ElectricNow, Heavy Metal Entertainment, and Sony. The agency provides fan engagement services, traditional and nontraditional advertising, social, brand strategy, campaign development, retail marketing and licensing, and press.
- **Accenture** launched a new unit, the Accenture Metaverse Continuum business group, to help brands increase marketing efforts in the metaverse. Accenture already operates its own metaverse, the Nth Floor.
- A new agency, **MKHSTRY**, launched by former Progressive CMO Jeff Charney, is focused on helping brands adapt to “the new creator economy, blockchain, Web3 and metaverse worlds.” The agency intends to be a disruptive marketing industry collective.
- **Merkle**, Dentsu’s technology-enabled customer experience management company, launched a global Experience & Commerce practice, including digital experiences via e-commerce websites, digital content, and commerce engines. The team has key partnerships with platforms including Adobe, Salesforce, Mirakl, and SAP.
- **Cheil Worldwide** launched Cheil Connec+, working seamlessly across time zones and disciplines to bring together strategy, creativity, innovation, technology, data, retail, CRM, pricing, and performance marketing. Collaboration will be more “agile and focused” than traditional offerings, “intentionally eradicating legacy silos, structures, and baggage,” the company says.
- **Dentsu** dissolved the media operations of its 360i unit, folding them into its Dentsu X brand. 360i still exists as a creative agency within the network. All 360i’s US media services are run through Dentsu X, Carat, or iProspect.
- A new Miami-based agency dedicated to social change called **AKQA Bloom** recently launched, backed up by AKQA and led by award-winning creatives “Zampa & Zaro”—Jean Zamprogno and Fernando Pellizzaro.

Responsible advertising (diversity and inclusion, environment):

- **WPP** reported 109,000 employees in 112 countries, with women in 39% of executive leadership roles (women comprise 43% at the board level), and more than 30,000 technology accreditations and certifications earned via partners. On Earth Day (April 22) WPP announced its goal to achieve zero net carbon emissions in its operations by 2025 and throughout its supply chain by 2030. In their 2021 sustainability report, WPP said it sourced 74% of electricity from renewable sources.
- **Group Black**, a collective and accelerator for Black-owned media, started with an initial spend of \$75 million from GroupM and has now received a massive media investment from Procter & Gamble. The 30-person collective aims to deploy \$500 million in Black-owned media in 2022.
- **Ogilvy UK** decided that it would no longer work with influencers who distort or retouch their bodies or faces for brand campaigns. The company says it wants to combat social media's "systemic" mental health harms.
- In an effort to reduce the amount of false and misleading claims about the climate on its site, tech platform **Pinterest** rolled out a comprehensive **climate misinformation policy**.
- **IPG** global brand experience agency **Jack Morton** has launched a diversity-focused practice called Vivi to help brands connect with women, specifically women of color.

Noteworthy quotes:

- » "In a post-pandemic world with varying levels of economic uncertainty, agencies may feel the need to take on every client who walks through the metaphorical front door. However, this approach sets up agencies (and their clients) for failure."—Nick Chasinov, Founder and CEO, **Teknicks**
- » "Building social value, investing in people, respecting the environment—all have assumed their rightful place, not only as key elements of corporate reputation, but as hallmarks of good management and long-term business growth."—John Wren, Chairman and CEO, **Omnicom Group**
- » "38 other independent agencies won 60+ of the total US creative reviews recorded, hence capturing about a third of the spend volume reviewed in 2021."—Olivier Gauthier, CEO and Founder, **COMvergence**
- » "At their best an agency is a collection of individuals who work together to become more than the sum of their parts, a force multiplier, a diverse group who bring their experiences and skills to bear on any and every client problem."—Alastair Green, Homemaker and Freelance CD, former Executive Creative Director, **Team One**
- » "Robust partnerships that produce great work and deliver business building impact require a collaborative approach as well as an alignment of shared values and beliefs."—Marla Kaplowitz, President and CEO, **4A's**
- » "There is a dated view that you bring work in house for one reason and one reason only, which is to save money. But there are so many other benefits that we found."—Lou Arbetter, VP, Content and Production, **PepsiCo Beverages North America**
- » "Finding the right ad agency is a lot like dating: some partnerships will fail miserably; others will exemplify the perfect chemistry, and each (party) will carry with them their own set of red flags and baggage that is symbolic of past relationship mistakes."—Emmy Liederman, Agencies Reporter, **Adweek**
- » "The industry average hovers around 25% to 28% turnover, and that's during normal times."—Serena Anthony, Chief People Officer, **GroupM North America**
- » "Creative work of all types—one of the linchpins of why brands and agencies forge partnerships—is significantly undervalued and overlooked."—Marla Kaplowitz, President and CEO, **4A's**
- » "Having a diverse pitch team made up of different backgrounds, skill sets, and perspectives is so incredibly important because it elevates our collective thinking for more strategic business-driving solutions."—David Calkins, Chief Growth Officer, **Spark Foundry**
- » "Face it: in the war for talent, talent has won."—Tony Stanol, President, **Global Recruiters of Sarasota**
- » "Our vision of the metaverse as a continuum challenges prevailing, narrower views and highlights why organizations must act today, or find themselves operating in worlds designed by, and for, someone else."—Paul Daugherty, Group Chief Executive/Technology and Chief Technology Officer, **Accenture**
- » "By changing how we make work, we can make a significant reduction in the environmental impact of our activity."—Richard Glasson, Global CEO, **Hogarth**
- » "A differentiated agency is one that focuses on the solution rather than the process and management of the process to arrive at the solution. A great agency never lets process get in the way of progress."—Cory Treffiletti, SVP, Marketing Executive, **FIS**
- » "Change has changed, and agency networks need to get ahead and seek to become a mission critical multiple for client businesses."—Ian Millner, CEO, **Cheil Connect+**
- » "Would you be willing to bet money on your intuition? If you're not eliciting client feedback via satisfaction surveys, you already are."—Jeff Meade, Founder and CEO, **MEADE**
- » "You probably won't see us building an agency in the metaverse—but you will see us working with clients in the space who are looking to show up in the world, virtual and real, as brands that know their purpose and are connecting with people in valuable ways."—Rebecca Groff, Global Director of Communications and Public Relations, **Wieden+Kennedy**

Company profiles:

- **Day One Agency (D1A.com)** is an independent creative communications agency with the “ambition of stopping the world in its scroll with stories that earn a place in culture.” The agency, which is based in New York and has offices in Chicago and Los Angeles, combines PR, digital, and social. Clients include Abercrombie & Fitch, Motorola, American Express, Chipotle Mexican Grill, Beam Suntory, Meta, Ferrara, H&M, Walmart, and Nike. Day One is Ad Age’s A-List 2022 Social Media, Influencer Agency of the Year.
- **Translation (translationllc.com)** helps brands reach diverse and passionate audiences, “translating the language of culture for brands.” Based in Brooklyn, and with offices in San Francisco and Los Angeles, the agency works with UnitedMasters, which creates a unique opportunity for data-backed creativity and exclusive partnerships. Per Ad Age, the agency grew revenue by 97% from \$30 million in 2020 to \$59.3 million in 2021. Clients include State Farm, Beats by Dre, AT&T, McDonald’s, NBA, Kaiser Permanente, Nike, HBO, Apple Music, and Budweiser. The agency was named #3 on Ad Age’s 2022 Agency A-List and awarded Ad Age’s 2021 Small Agency of the Year.
- **3Q Digital (3qdigital.com)** is an independent Chicago-based digital agency founded in 2008 with a focus on B2C, B2B, e-commerce, and fintech. End-to-end services include creative, business strategy and planning, paid search, paid social, conversion rate optimization, programmatic, CTV-OTT, mobile user acquisition, analytics, e-commerce and marketplaces, social advertising, display, mobile, and CRO. The agency, which has more than 500 employees, has been named to Ad Age’s Best Places to Work for three consecutive years, was among the highest-scoring businesses on Inc.com’s Best Workplaces for 2021, and was named a 2022 Google Premier Partner. The agency acquired Inseev Interactive this year and manages over \$3 billion in spend. Clients include Pandora, Skechers, Intuit TurboTax, BevMo, and eHealth.

Check out one of our latest articles, “**Why Brand Advertisers and Agencies Must Ask the Right Questions to Build Better Partnerships**”: When brand advertisers ask better questions about their work relationship with agencies, performance can soar and the partnership strengthens.



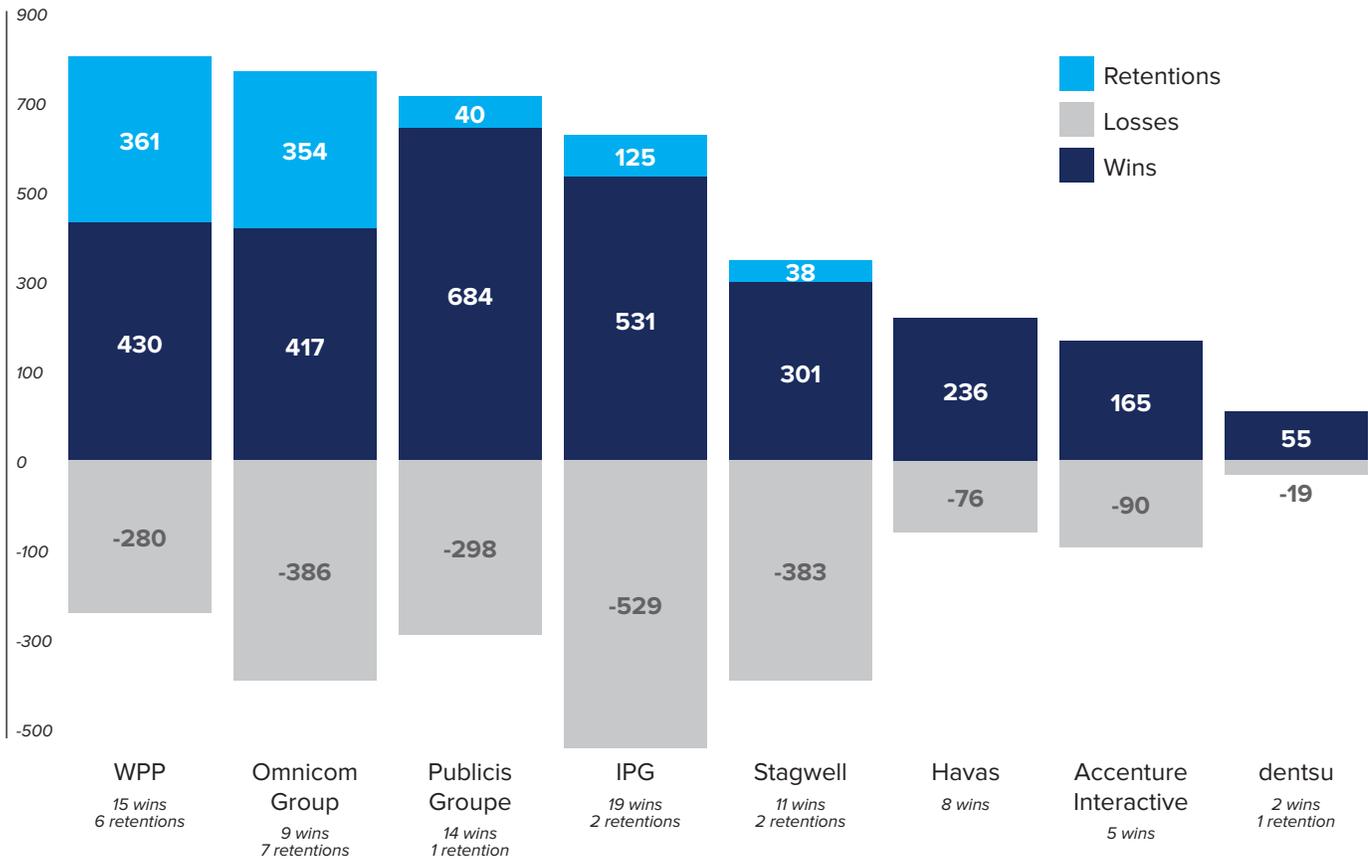
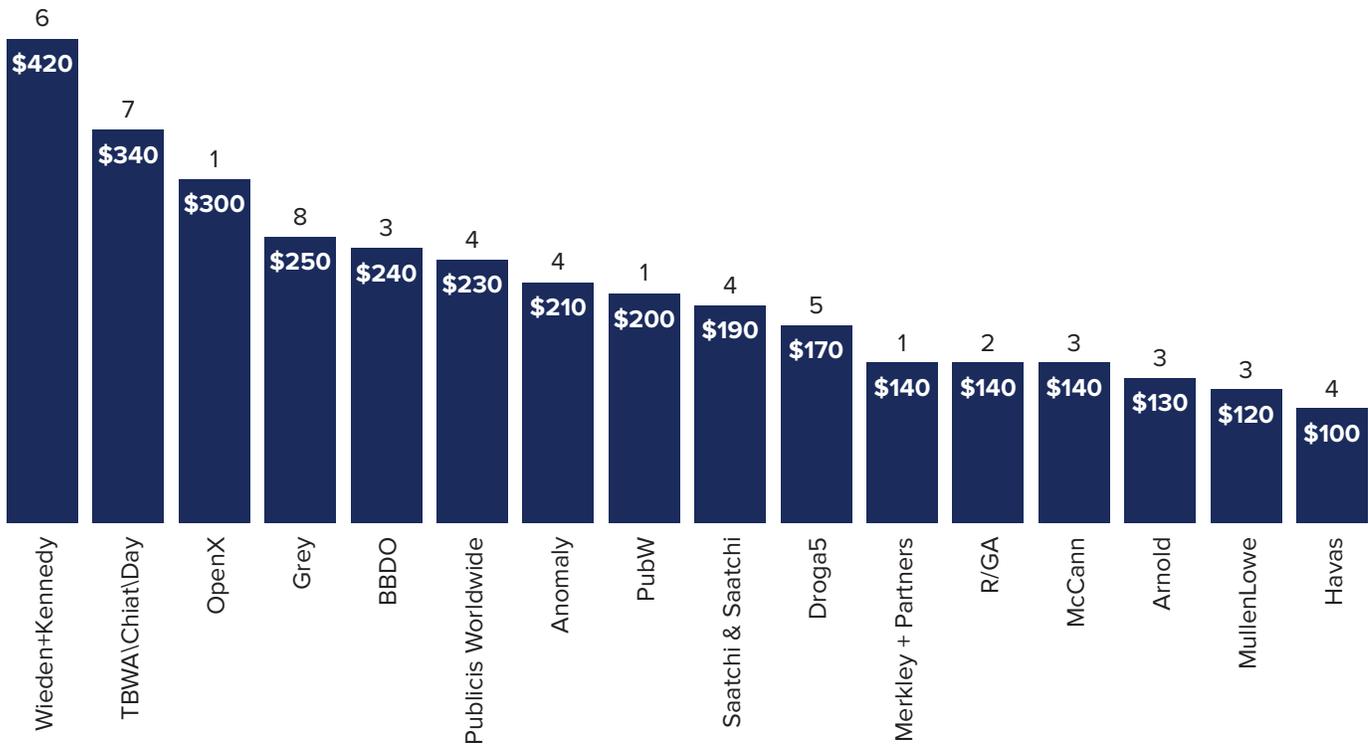
“If done respectfully and with the right intent, asking tough questions can remove unnecessary tension and address potential disagreements. It also leads to better understanding and collaboration.”

BRUNO GALPOIS
Excerpt from the new article:
Looking for better relationships? Ask better questions.

AGENCY MANIA™ SOLUTIONS
Strategic Partnerships Delivered.

agencymania.com

155 major US creative new business assignments (in millions of dollars):



Source: COMvergence. WPP and Omnicom dominated, each winning or retaining 21 and 16 assignments, respectively, valued at nearly \$800 million total.

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



Can creativity be a force for good in times of conflict? It can, but more importantly, it should. Brands stepped up and made some difficult commercial decisions as a result, suspending or stopping Russian-related business. These events put things into perspective and create great tension at times, such as the CNN-Applebee's controversy. Applebee's paused advertising on CNN after the network ran a picture-in-picture Applebee's ad during news coverage of the war in Ukraine. At one point, the words "RUSSIA INVADES UKRAINE" from CNN's coverage appeared next to a man dancing in the Applebee's ad. The backlash was immediate. Brands are carefully navigating these difficult times.

- **April Fools' Day campaigns** were a temporary distraction given tragic events around the world: FreshDirect put croissants in a can, Hellmann's and Butterfinger joined forces to create a dessert mayonnaise, Sun-Maid added grape jerky to its menu, T-Mobile introduced a "New Magenta," and JetBlue offered a way to fight New York City congestion with flights between LaGuardia and JFK airports, to name a few.
- **ABC's "94th Academy Awards"** show experienced a surge in viewership, up 56% in 2022 with 15.4 million total viewers (vs. 10.4 million in 2021) but down compared to pre-pandemic. The event got a boost in social media, and a big wave of viewers suddenly tuning in, after actor Will Smith slapped comedian Chris Rock.
- Ads by major brands including Innocent Drinks, Oatly, Hyundai, and Shell have been ruled "**greenwashing**" by the Advertising Standards Authority, based on misleading environmental claims.
- Per McCann and Gartner, 2 billion people a day will spend at least an hour in the **metaverse by 2026**, with the main activities revolving around socializing, being entertained, shopping, and learning. The metaverse marketplace is expected to reach \$200 billion by that time. Brands are aggressively experimenting with good success. For example, Nike claims that 7 million people have visited Nikeland, its metaverse store, since it opened months ago.
- Agencies such as Accenture's Nth Floor and WPP's Metaverse Foundry are building **dedicated metaverse practices** to serve brand advertisers. They learn by practicing what they preach: Accenture launched Nth Floor as a virtual campus for its 700,000 employees worldwide.
- Per Ad Age, agencies such as Accenture, Wunderman Thompson, R/GA, VCCP, Media.Monks, Virtue, Mediahub, and Havas have built **metaverse offices** using various platforms—Roblox, Decentraland, Microsoft AltspaceVR, The Sandbox, and Horizon Worlds. The metaverse offices are used for onboarding new employees, facilitating training and company meetings, sharing and collaborating, holding conferences/events, creating client demos, and building and monetizing creations (e.g., avatars, NFT collectibles).
- The **Boss Beauties** NFT collection, which contains 10,000 portraits of independent and diverse women, launched in September and sold out in 90 minutes. The women-led global initiative generated 14,500 ETH in trading volume, or nearly \$45 million.
- **Dove** partnered with Progressive to "insure" against hair disasters. #HairFails on TikTok exceeded 1 billion views. The two brands offered a chance to win a gift card ("Hair Assurance") to go toward correcting any home hair mishaps.
- **Wunderman Thompson** opened a metaverse space within the B2B metaverse platform Odyssey, featuring retail, gaming, conferencing, and "inspiration kiosks," which drove 11,300 unique visitors, 4,300 hours streamed and 74 million impressions.
- **Microsoft** removed more than 3 billion ads and banned nearly 400,000 websites from its network in 2021. The company also suspended 270,000 accounts for suspected malicious intent such as safety concerns, fake celebrity-endorsed investment ads, policy violations, or trademark infringements.
- **Omnicom's Annalect** unit agreed to partner with Affinity Solutions and license a new form of consumer intelligence data segmenting media audiences based on "past purchase data," and will integrate it into Omnicom's companywide operating system, Omni. Omnicom staffers will be able to plan, buy, and measure the outcomes of campaigns targeting people based on their purchasing history.
- **Omnicom** entered a partnership with Firework, the livestream commerce and shoppable video platform provider that enables brands to establish live commerce capabilities on their own websites, giving clients across all Omnicom agencies access to Firework's enterprise suite of proprietary short-form video and livestreaming technology.
- Per **WPP**, over 95% of its top 50 clients work with at least five agencies in the company's network and have rewarded WPP with an average score of 8.1 (on a 10-point scale) for "collaboration" in the WPP 2021 client satisfaction program.
- **Omnicom Media Group** launched a programmatic private marketplace for brands, offering 80,000 point-of-purchase screens at grocery and convenience stores, malls, gas stations, movie theaters, and other locations.
- **Dentsu International** integrated so-called attention metrics into both its media planning and buying systems and has begun transacting media buys based on it.

Awards:

- The Publicis Groupe Spark Foundry (part of Publicis Media) is the **2022 Adweek US Media Agency of the Year**. The agency landed Meta and KFC and 14 other new clients. Publicis Media (Spark Foundry, Zenith Starcom) won \$7 billion in new business in 2021.
- Five **Stagwell** agencies have been honored in the Ad Age 2022 Agency A-List and Creativity Awards: 72andSunny, Anomaly, Assembly, Doner, and YML. The accolades are: Standout Agency for 72andSunny, for new client wins, including United Airlines; #9 A-List Agency of the Year for Anomaly, which took on 26 new business assignments in the US, including Jimmy John's, Netflix, Oculus, Denny's, Amazon Corporate, and Dunkin'; Purpose-Led Agency of the Year for Assembly; Standout Agency for Doner, with new client wins including Travelocity and Bloomberg; and Customer Experience Agency of the Year for YML.

- **Omnicom Media Group agency OMD Worldwide** was named the best-performing global media network overall for the third consecutive year by RECMA (Research Company Evaluating the Media Agency Industry). The ranking is based on 700 agencies across 47 markets and a review based on 19 KPIs. OMD is also #1 in RECMA Overall Activity Volume, with \$36.7 billion and almost 10% of industry shares; OMD was the most-awarded agency network at the 2021 Cannes Lions Festival.
 - **Ad Age** revealed its 2022 Agency A-List, naming Mischief @ No Fixed Address as its Agency of the Year. The rest of the top 10 in order: R/GA, Translation, Goodby Silverstein & Partners, VaynerMedia, Alma, FCB Global, Droga5, Anomaly, and Fig.
 - **Ad Age** 2022 Agency Standouts: 72andSunny, BBH USA, Cartwright, The Community, Doner, Gut, Johannes Leonardo, Joan, The Martin Agency, McCann Worldgroup, Mother, Tombras, Wieden+Kennedy, Work & Co., and WorkInProgress.
 - **Ad Age** 2022 In-House Agency of the Year: Microsoft-owned LinkedIn and its Creative Studio. Creative Studio's 30-people team handles projects on its own or works with external agencies, including BBH and McCann.
 - **Havas Sports & Entertainment's "Undercover Avatar"** was the most-awarded campaign in the world in 2021, per the WARC annual rankings.
 - Per Adweek, **Spark Foundry**, **MediaCom** (for the second year in a row), and **VaynerMedia** were named Adweek's US, global, and breakthrough media agencies of the year, respectively.
 - **Omnicom's TBWA\Worldwide** global collective was awarded Ad Age's first Network of the Year. It was previously named Adweek's Global Agency of the Year, and #1 in Advertising in Fast Company's Most Innovative Companies.
 - **Interpublic Group's McCann Worldgroup** was named "Network of the Year" at the International ANDY Awards 2022. McCann Worldgroup agencies won awards for eight individual campaigns from eight countries, including Commonwealth/McCann, the global business unit dedicated to Chevrolet, winning three awards; 215 McCann San Francisco collecting two awards for its Xbox Halo Infinite campaign; and McCann New York winning for its New York Lottery campaign.
 - Per the Dubai Lynx International Festival of Creativity: **Havas Middle East** won two Grand Prix awards, four Gold, five Silver, 10 Bronze, and nine Shortlist across four projects and three clients (adidas, Friends of Cancer Patients, Barakat Group of Companies), as well as runner-up Agency of the Year and Network of the Year.
 - Online dating application Tinder won the top honor, The Diamond ECHO, and the Gold Award for Mobile for its campaign "Swipe Night," a live-action miniseries that was available only within the Tinder app. **72andSunny** created the work.
 - **MediaCom and Choreograph** won the Echo Gold Marketing Data Strategy of the Year award for a campaign titled "Vaccine Readiness Model." The Mac: Digital Party store-opening event for Mac Cosmetics, created by Wunderman Thompson Argentina, and The Golden Oven campaign from McCain and FCB Canada won Global Social Media awards.
- Noteworthy quotes:**
- » "I like to be a shoemaker that has shoes."
—Mark Penn, CEO and Chairman, **Stagwell**
 - » "Leaders must stop overpromising and underdelivering. They must establish boundaries from the start and only take on clients willing to honor those boundaries."—Nick Chasinov, Founder and CEO, **Teknicks**
 - » "We think it [the metaverse] allows almost limitless creative freedom for both users and brands."
—Stéphane Guerry, President, **Havas Sports & Entertainment**
 - » "We didn't announce we have a metaverse team, because that would be like announcing you have internet teams."—Media Ridha, Executive Producer, **Media.Monks**
 - » "It's dangerous to try and predict what that future will look like. Crystal ball gazing is not usually a robust strategy."—Jonny Shaw, Chief Strategy Officer, **VCCP New York**
 - » "I love the idea of having project-based partnerships, but when you do that, you always get variances of the brand tone and the brand point of view versus one singular crystallized, consistent POV."—Nick Reely, VP of Marketing, **Pabst Blue Ribbon**
 - » "If you can really seize a cultural moment and jump into the conversation, then your brand becomes the conversation and I think that's something that has been a real privilege to be a part of."
—Ryan Reynolds, Chief Creative Officer, **MNTN**
 - » "Asking clients for insights is one thing. Doing something with those insights is another."
—Jeff Meade, Founder and CEO, **MEADE**
 - » "Agencies develop powerful, bold ideas and plans, and rely on partnership with clients to embrace opportunities, as well as the associated risks, to innovate and explore creative solutions to business challenges that help build brands and companies that drive revenue growth."—Marla Kaplowitz, President and CEO, **4A's**
 - » "Ideas and creativity are a team sport."
—Melissa Wildermuth, Global Creative Director, **General Mills**
 - » "No matter what subject is being addressed—the category, the product, or the audience—a layperson should be able to read any brief or receive any pitch and understand it."—Sang'ona Oriedo, Vice President of Marketing, **iRhythm Technologies**

FINANCIALS: Driving efficient use of resources

While inflation and economic uncertainty are sources of concern for long-term growth, holding companies started off with a strong Q1 2022 performance, with double-digit organic growth, ranging from 17% for Publicis Groupe to 11.9% for Omnicom. Holding companies seem cautiously optimistic that advertising spend will remain strong. They are investing in talent and making strategic acquisitions to prepare for a predominantly digital and data-driven future.

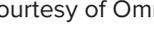
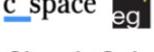
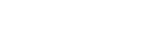
- **Amazon** acquired MGM for \$8.5 billion, with 4,000 film titles, 17,000 TV episodes, 180 Academy Awards and 100 Emmy Awards now part of Amazon Prime Video and Amazon Studios.
- Per Insider Intelligence, **TikTok ad revenue** is expected to triple to \$11.64 billion in 2022 (compared with \$3.88 billion in 2020), surpassing the 2022 forecast for Twitter (\$5.58 billion) and Snapchat (\$4.86 billion). Hashtag #TikTokMadeMeBuyIt has 10.7 billion views.
- Per the Interactive Advertising Bureau and PricewaterhouseCoopers, **digital ad revenue** in the US rose 35%, to \$189 billion, in 2021, specifically in digital audio and video, as brands spent more to reach consumers during COVID.
- Per COMvergence, most of **media new business** went to only 16 agencies, representing over \$3 billion of the \$4.8 billion of media spend up for grabs, led by Wieden+Kennedy (\$420 million—FanDuel, Chime, Vrbo, goPuff, Impossible Foods, and Danone [Evian]) and TBWA (\$340 million—DirecTV, Discover, PepsiCo [Lay's], Behr Paint, Royal Philips, Schwan's Foods, and Palo Alto Networks).
- Per GroupM, **artificial intelligence (AI)-enabled media** will account for \$370 billion in ad spending in 2022 and is expected to reach \$1.3 trillion—or more than 90% of all ad spending—by 2032. AI encompasses machine learning, neural networks, computer vision, natural language processing, and intelligent process automation.
- **Technology, digital, and media M&A deals** in Q1 2022 went up by 17% YOY, for a total of 500 transactions despite geopolitical turmoil. The digital agency sector saw a 72% increase, and the three largest markets remain the United States, Western Europe, and the United Kingdom with 419 deals (or 84% of the overall volume). Private equity was the most active buyer in the sectors (40% of transactions). Top deal: Nielsen is being acquired for \$16 billion by a private equity consortium led by Evergreen Coast Capital and Brookfield Business Partners.
- The 4A's published a whitepaper titled "**The Rocky Path Agencies Are Forced to Traverse**," which explains how to reduce the complexity of programmatic trading (aka "supply path optimization") and the issues referred to as "black box programmatic technologies" (e.g., click-fraud, frequency-capping, misrepresentation of inventory).
- Per Omnicom's annual report, the largest **Omnicom client** represented 3.2% of revenue in 2021, and the 100 largest clients represented approximately 54% of the holding company's revenue.

- **Omnicom** announced that CEO and Chairman of the Board John Wren received \$20 million in total compensation in 2021, the highest-paid job at the holding company. The executive took no salary from April through September 2020 in response to the pandemic.
- Magna reduced its **ad spending growth expectation** for 2022 in the US from 12.6% to 11.5% due to the economic uncertainty and geopolitical crisis resulting from the Russian invasion of Ukraine. Yet ad revenue is expected to pass the \$300 billion milestone for the first time. Magna's final 2021 estimate is that advertising revenues grew by a record 25% in the US to reach \$287 billion, with significant growth notably in search (42%), social (36%), audio (24%), and video (12%).

Holding company financial performance:

- **WPP** reported working with 317 of the Fortune Global 500, reporting \$8.7 billion net new billings in 2021, with a strong 14.4% headline operating margin, £50.7 billion (\$65.3 billion) in total billings (+14.4%), and £12.8 billion (\$16.5 billion) in revenue (+13.3%), growing at its fastest rate in more than 20 years.
- **S4 Capital** postponed issuing its fourth-quarter and full-year 2021 results for the second time due to its auditor, PwC, being delayed by COVID-related travel issues, prompting shares to lose significant value on the London Stock Exchange.
- **Stagwell** reported full-year organic revenue of \$1.93 billion, a 14.5% YOY increase, and fourth-quarter organic net revenue of \$519.7 million, or 11.3% growth. Expectations for net revenue growth are between 18% and 22% for 2022. 65% of revenue is to come from digital capabilities.
- **Omnicom** reported revenue of \$3.4 billion, a reduction of 0.5% YOY, with organic growth of 11.9% in Q1 2022 (9.1% increase in Advertising & Media, 20.3% Precision Marketing, 13.8% Commerce & Brand Consulting, 68.0% Experiential, 6.3% Execution & Support, 14.0% PR, and 7.7% Healthcare). Operating profit decreased \$112.4 million, or 24.2% YOY, to \$353 million. The operating profit margin of 10.4% decreased from 13.6%. The effect of the war in Ukraine and withdrawal of business led to \$113.4 million in charges, decreasing the operating margin by 3.3%. The group added capabilities to Omnicom Precision Marketing Group through the acquisition of TA Digital.
- **Publicis Groupe** reported net revenue of €2.8 billion (about \$3.05 billion) in Q1 2022, up 17.1% YOY with organic growth of 10.5% (vs 2.8% in Q1 2021). Organic growth was strongest in Europe (mostly from the UK and France) at 14.9%. Data unit Epsilon (+6.3%) and digital transformation division Publicis Sapient (+18.5%) were key performers. Major account wins last quarter included McDonald's (Media US), A-B InBev (Media Global), Pepsi (Media China), Siemens (Creative Global), LVMH, and KFC. 3,052 clients represented 91% of revenue. Publicis was named Holding Company of the Year in the 2022 Ad Age A-List.

OMC Marketing & Communications Services Portfolio

Advertising	Precision Marketing	Commerce & Brand Consulting	Experiential	Execution & Support	Public Relations	Healthcare
Creative, strategic media planning & buying, performance media	Digital & direct marketing, digital transformation consulting, AI, data & analytics	Brand consulting, strategy and research to drive conversion and transaction across physical, digital and social	Live and digital events and experience design and execution, celebrity & influencer marketing	Field marketing, digital and physical merchandising, point-of-sale, product placement, specialty research	Corporate communications, social and earned media, public affairs, crisis, M&A, CSR	Advertising, media and communications services for global healthcare and pharmaceutical industry
        	      	       	   	   	    	        

Courtesy of Omnicom 2022

Mergers and acquisitions (M&A) activity:

- A private equity consortium led by Evergreen Coast Capital (an affiliate of Elliott Management) and Brookfield Business Partners have reached an agreement to acquire **Nielsen Holdings** for \$16 billion.
- Stagwell** acquired full-service multicultural agency Dyversity Communications, based in Toronto. The 30-plus staff agency, with clients like Canada Post and Hershey's, specializes in Chinese and South Asian communications and more than 20 other languages.
- Hybrid brand strategy and design agency **VSA Partners** acquired consultancy RoundTwo Digital in a move to expand digital capabilities, including e-commerce, media, analytics, and customer journey and experience strategies for clients like Google, Nike, and IBM.
- Havas Group** acquired search agency Search Laboratory (150 employees in offices in Leeds, London, Austin, and New York) as part of a push by the holding company to strengthen the Havas Media Group UK's data and digital marketing arm. Search Laboratory is a Google Marketing Platform Sales Partner.
- London-based B2B agency **Gravity Global** acquired Houston-based 9thWonder B2B and Minneapolis-based creative agency Morsekode, expanding the firm's footprint in the US, namely Los Angeles, Denver, and Detroit.
- Havas Group** took a majority interest in Australian performance marketing agency Frontier Australia. Frontier will continue to operate as its own brand but will be integrated into Havas Group's Edge Performance Network.

- Havas** acquired China-based independent agency Front Networks, which is known for its creative social and digital marketing in China. With offices in Beijing and Shanghai and clients such as BMW, Rolls-Royce, Vivo, Microsoft, Columbia, Bank of China, and Nestlé, Front Networks will join the Havas Creative network.

Noteworthy quotes:

- » "Agency success is no longer about volume. It is about providing innovative work for clients that wins awards and enables our clients to deliver their desired business outcomes."—Margaret Wagner, President, Merkle EMEA and CXM service line, **Dentsu**
- » "Talent changes, needs change within the business capabilities, new agencies come up and it's just a good process to keep me and my marketing team on our toes as well as just continuing to connect with additional people that are in the field."—David Zucker, CMO and senior VP of e-commerce, **Perdue**
- » "Perhaps if advertisers were not so quick to try and hide the true financial cost of the pitch process, by encouraging models that have the agencies pay, and then assessed the true cost of pitch against the value of the outcome, then you would hope there would be less time wasting and less poor outcomes from pitches."—Darren Woolley, Founder, **TrinityP3**
- » "As a means of measuring agencies' success, billings are largely unrepresentative. Worse, they're a fundamentally exclusionary metric."—Dominique Bergantino, Co-President & Managing Director, **Havas Helia**

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.

- The Bayer-owned over-the-counter pain reliever brand **Aleve** selected Interpublic's MullenLowe New York as its creative AOR in the US after a review.
- **Anheuser-Busch InBev** selected incumbent Publicis Groupe as its media AOR in the US and consolidated work in other key markets (Mexico, Central America, South America, Europe, and Asia) after a review. The agency relies on resources across its network, including data and technology from Epsilon (the brand's data AOR). Dentsu retains the business in Canada and Africa.
- Fast-food chain giant **Burger King** kicked off a review of its creative account, with incumbent WPP-owned creative agency David defending. The brand, which has worked with media agencies for years, also kicked off a review of its US media business.
- Chilean wine giant Concho Y Toro-owned **Bonterra Organic Vineyards** selected San Francisco-based Duncan Channon as its integrated (mostly creative and media) agency after a review. The agency will also handle video, print, influencer, and social media.
- NFT company **Boss Beauties** selected independent Wieden+Kennedy as its creative AOR. The agency will handle brand positioning, design, social, content, and product.
- Milwaukee-based **Colectivo Coffee** selected independent, local agency Hanson Dodge as its first AOR without a review. The agency will handle digital marketing and media planning and buying duties.
- Global health and hygiene firm **Essity** selected WPP Wunderman Thompson to handle its global e-commerce and UX design business after a review. The agency, which handles a direct-to-consumer website, customer experience, and a global UX and UI design system, will also handle a diversity and inclusion project for Essity's feminine care brands.
- Employee healthcare company **Eden Health** selected Hub San Francisco as its first AOR after a review.
- The cosmetics giant **Estée Lauder** selected S4 Capital's agency Decoded (part of the Media.Monks content division) as its media AOR in North America. 80% of the brand's budget is spent in digital.
- Fintech company **GreenBox** selected Innocean USA as its first advertising and branding AOR after a review.
- Food chain giant **IHOP** selected Pereira O'Dell as its new creative AOR after a review, replacing four-year incumbent Droga5, which did not defend the account. Pereira O'Dell kicked off its first campaign for the brand, "Let's Put a Smile on Your Plate."
- Tech platform for indie labels and musical artists **Intercept Music** (owned by Sanwire) selected New York-based Workhouse as its integrated global AOR. The agency will handle PR and integrated services including creative, social media, brand promotion, consulting, and modern-day marketing.
- San Diego-based quick-service restaurant chain **Jack in the Box** selected TBWA\Chiat\Day LA as its lead creative ad agency after a review, replacing eight-year incumbent David & Goliath. The brand and TBWA previously worked together. The brand also added to its roster Maximum Effort (video content), Small Girls PR, and Conscious Minds (digital and social initiatives and content series).
- **Lenovo** selected Stagwell Agency Assembly and Dentsu as its new global media AOR after a review, replacing Publicis's bespoke Lenovo One Media team, which serviced the account for four years. The review was prompted by a global marketing transformation initiative to accelerate Lenovo's digital-first strategies, key centers of excellence, and marketing effectiveness.
- The US Beauty Division of **Lumenis**, the world's largest energy-based medical device company for aesthetic and ophthalmic applications, selected Markacy, a New York-based digital strategy and marketing agency, as its AOR. The agency will handle digital and offline media.
- Tire giant **Michelin** selected Ogilvy Experience as its global customer relationship management AOR after a review. From Paris, the agency will rely on its extensive global network.
- British fashion and homeware retailer **Matalan** selected Havas Media Group as its media planning and buying AOR after a review. The agency will handle all media activities as well as customer acquisition from its office in Havas Media's Manchester, England, office.
- Retailer **Northern Tool + Equipment** selected Colle McVoy as its strategic and creative AOR after a review. The agency will handle strategy, creative, media, content, and brand experience.
- Privately held **Pabst Brewing** selected Seattle-based DNA as creative AOR for its brand Pabst Blue Ribbon and as media AOR for its full portfolio of brands after a review, replacing two-year incumbent Stagwell-owned 72andSunny (creative) and Assembly (media). The agency previously did work for Pabst's Rainier Beer and Dragon's Milk Stout brands.
- Technology-enabled real estate marketplace **Pacaso** selected Interpublic's Mediahub and Publicis Groupe's BBH as its new media and creative AORs, respectively.

- No. 1 producer of USDA organic chicken **Perdue Foods** selected Minneapolis-based Colle McVoy as its creative AOR after a review, replacing 11-year incumbent Via Agency, of Portland, Maine. Colle McVoy will handle creative strategy, digital, and production for all Perdue Foods consumer business, including the Perdue, Perdue Harvestland, and Perdue Simply Smart brands.
- Lifestyle apparel retailer **PacSun** (Pacific Sunwear of California) selected New York-based independent performance media specialist Tinuiti as its paid media AOR, replacing incumbent MuteSix. The agency will handle brand awareness, customer retention, analytics, creative strategy, display, paid search, paid social, and “shoppable media.”
- **PepsiCo** selected Publicis Groupe as its new media AOR for China after a review, replacing incumbent WPP. Publicis Groupe created PLUS+ by Publicis, a dedicated unit led by Zenith to handle the business. The agency will handle integrated media planning and buying duties across PepsiCo’s beverage and food brands, including Pepsi, Mirinda, 7Up, Gatorade, Bubly, Lay’s, Quaker, Doritos, and Cheetos.
- Beach shade maker **Shibumi Shade**, of Raleigh, North Carolina, selected Baldwin& as its brand AOR. The agency, which previously worked for the brand, will handle brand strategy and a brand refresh.
- Ticketing platform **SeatGeek** selected WPP Wavemaker as its first media AOR after a review. The agency will handle all media activities, including strategy, holistic planning, buying, investment and activation, marketing intelligence, video, and out of home. WPP Wavemaker will partner with creative AOR Fig.

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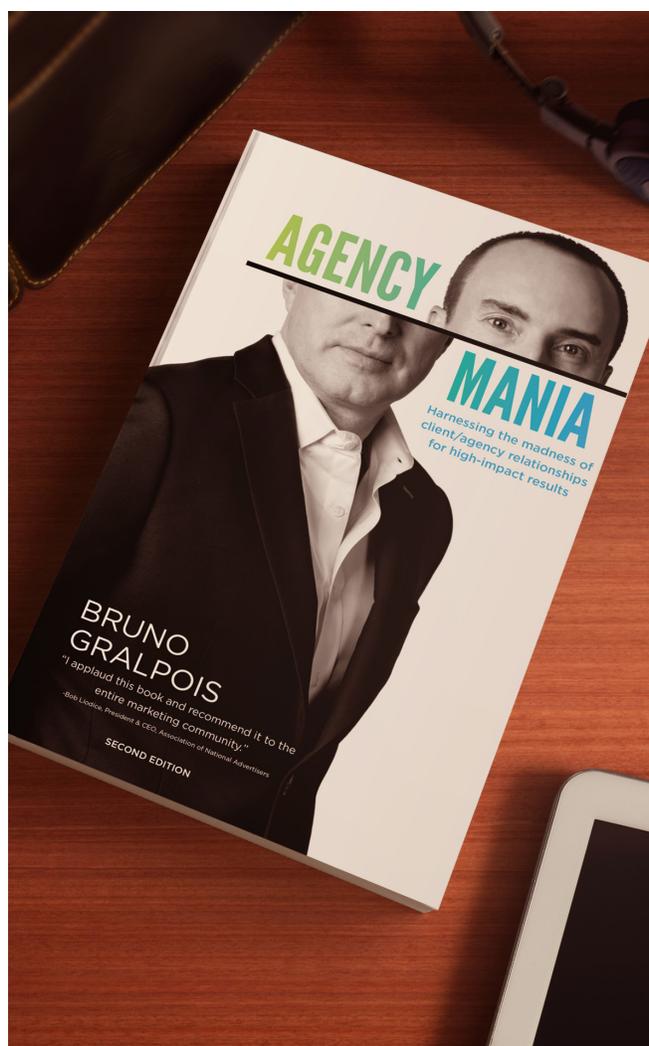
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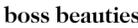
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Agency roster summary:

COMPANY LOGO	CLIENT	INCUMBENT	CHANGE/SCOPE	FOCUS AREA	NEW AGENCY	REVIEW?
	Aleve	Unknown	Creative AOR	US	MullenLowe New York	Y
	Anheuser-Busch InBev	Publicis Groupe	Media AOR	US	Publicis Groupe (retained)	Y
	Burger King	David (defending)	Creative	US	[Review in process]	Y
	Burger King	Horizon (defending)	Media	US	[Review in process]	Y
	Bonterra Organic Vineyards	Unknown	Creative and Media	Unknown	Duncan Channon	Y
	Boss Beauties	Unknown	Creative AOR	Unknown	Wieden+Kennedy	Unknown
	Colectivo Coffee	None	AOR	US	Hanson Dodge	N
	Essity	Unknown	Ecommerce and UX Design	Global	Wunderman Thompson	Y
	Eden Health	None	AOR	US	Hub San Francisco	Y
	Estée Lauder	Unknown	Media AOR	North America	Decoded	Y
	GreenBox	None	Advertising and Branding AOR	Global	Innocean USA	Y
	IHOP	Droga5	Creative AOR	Unknown	Pereira O'Dell	Y
	Intercept Music	Unknown	Integrated AOR	Global	Workhouse	Unknown
	Jack In The Box	David & Goliath	Lead Creative	US	TBWA\Chiat\Day LA	Y
	Lenovo	Lenovo One Media	Media AOR	Global	Assembly and Dentsu	Y
	Lumenis	Unknown	AOR	US	Markacy	Unknown
	Michelin	Unknown	Customer Relationship Management (CRM) AOR	Global	Ogilvy Experience	Y
	Matalan	Unknown	Media Planning and Buying AOR	Global	Havas Media Group	Y
	Northern Tool + Equipment	Unknown	Strategic and Creative AOR	US	Colle McVoy	Y
	Pabst Brewing	72andSunny (Creative) Assembly (Media)	Creative AOR (Pabst Blue Ribbon) Media AOR (full portfolio of brands)	US	DNA	Y
	Pacaso	Unknown	Media AOR	Global	Mediahub	Unknown
	Pacaso	Unknown	Creative AOR	Global	BBH	Unknown
	Perdue Foods	The Via Agency	Creative AOR	US	Colle McVoy	Y
	PacSun	MuteSix	Paid Media AOR	Unknown	Tinuiti	Unknown
	PepsiCo	WPP	Media AOR	China	Publicis Groupe	Y
	Shibumi Shade	Unknown	Brand AOR	USA	Baldwin&	Unknown
	SeatGeek	Unknown	Media AOR	Unknown	Wavemaker	Y