

Industry Update

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

August 2022 | Volume 65



In this issue:

TALENT



Securing the right talent and resources

The topic of talent covers a wide range of important initiatives encompassing in-house agencies, responsible advertising (diversity and inclusion, environment), new agencies or capabilities, restructures, and reorganizations that are (re)shaping the... **continued on pg. 2**

WORK AND PERFORMANCE



Driving better work, stronger performance, and value from the partnership

Passion comes in a lot of different flavors in our industry. At Cannes Lions, Greenpeace and the creative advocacy group Clean Creatives conducted.... **continued on pg. 6**

FINANCIALS



Driving efficient use of resources

Although there are concerns that the industry may experience a significant slowdown, advertising spend historically has risen during recessions (1973-1975, 1980, and 1981-1982), which might explain why advertisers and agencies seem... **continued on pg. 8**

AGENCY



Agency reviews and roster changes

Self Esteem Brands-owned Anytime Fitness selected Mischief @ No Fixed Address as its creative AOR following a review. This is the brand's first AOR appointment... **continued on pg. 11**

EXECUTIVE SUMMARY: Monthly recap

The iconic Cannes Lions International Festival of Creativity is now behind us, along with a warm summer in the French Riviera.

The festival left us with memorable insights about the state of our industry, as we attended in person for the first time since 2019, but with less participation. The show received 25,464 entries from 87 countries, 5,000 fewer than in 2019 before COVID. Yet every year the festival transforms into the center of dialogue and debate about major developments, such as the state of the economy; the raging talent war; emerging media opportunities and the metaverse; key sustainability and diversity initiatives; and the emergence of new technology and ways to apply it.

The event is also an unmatched opportunity to celebrate talent across marketing disciplines as well as strong client–agency partnerships that deliver outstanding work—outstanding enough to receive accolades from top leaders and industry peers—turned-judges for the occasion. It was a celebration

much needed given macroeconomic challenges, such as inflation and signs of a recession.

For some reason, everything looks better when you hold meetings on (or near) the beach.



Bruno Gralpois
Co-Founder and Principal,
Agency Mania Solutions

TALENT: Securing the right talent and resources

The topic of talent covers a wide range of important initiatives encompassing in-house agencies, responsible advertising (diversity and inclusion, environment), new agencies or capabilities, restructures, and reorganizations that are (re)shaping the advertising industry. The focus seems to be on securing and retaining talent, in the context of work-life balance.

- Per Stagwell, **main insights from Cannes Lions**:
 - 1) The New Rules of Global Marketing Services—The holding companies and global networks are back on the rise after a pre-pandemic slump as clients seek integrated partners over indie darlings.
 - 2) E-Commerce is Getting New Digs—It's creative + media + e-commerce as the new equation for effective modern marketing.
 - 3) The Creator Economy Growing Up—The shift in nomenclature from “influencer” to “creator.”
 - 4) Gen Z on the Rise—The “activist generation,” Gen Z, is all about more purposeful consumerism.
 - 5) Transforming Modern Brands—Whether it's breaking into a new service category or innovating with product design, the focus is digital first, connected to culture, and organized around good.
- Per Ad Age Datacenter, **total U.S. employment in advertising, public relations, and related services** continues to increase despite fear of a recession, recovering all pandemic losses and reaching an all-time high. The unemployment rate dropped to 3.5%, the lowest since 1969.
- WPP launched “**Making Space**,” a new initiative focused on giving people space in which to look after their well-being and inspire creativity. The global, companywide break in July gave everyone across WPP the space to recharge and refresh.
- Per World Federation of Advertisers and MediaSense, a **talent crisis** is intensifying as 77% of brands claim that there is “some” or “high” scarcity of talent in their organizations, peaking at 85% among the agency and ad tech sectors, and at 81% in the US and 93% in Asia-Pacific. 77% think that readdressing work-life balance would help alleviate the crisis. Top talent gaps are data and analytics, e-commerce, and retail media.
- Per **Forrester**, 38% of B2C CMOs plan to structure their agency relationships to increase marketing effectiveness, and one-third plan to integrate agency assignments to boost marketing impact.
- Per the Association of National Advertisers, 57% of **marketing procurement** professionals and 59% of marketers identify their relationship as “extremely or very healthy.” In contrast, only 15% of agencies say their relationship with marketing procurement is “extremely or very healthy.” 55% of procurement professionals agree that procurement understands the economic value of successful marketing, versus only 5% of agencies. On average, the marketing procurement department has been around for only 11.6 years.
- Per TBWA's **Future of Creative Work study**, 63% of employees want their employers to help them achieve a better work-life balance and 58% say it is important for their employers to support their mental health.
- Per the **World Federation of Advertisers** and **The Observatory International**, 69% of advertisers have recently made or plan to make changes to their agency roster, a reduction from the prior study (75% in 2018). 75% are at least somewhat satisfied with their current agency roster arrangements.
- Per **COMvergence**, the Top 30 Global Advertisers 2021 represented 44% of the total media spend placed by more than 785 multinational advertisers. Two-thirds of the Top 30 Global Advertisers reviewed their media agency arrangements over the past two years.
- **Publicis Group** appointed its first Web3 native chief metaverse officer, a computer-generated avatar named Leon. Responsibilities include accompanying clients and advising on how to navigate and approach the meta jungle, acting as a guide to employees with the support of the right expertise and teams at Publicis, and showcasing the best examples of Web3 from clients and from across Publicis.
- Per Creativebrief, 92% of agency chief executives and 59% of brand CMOs think the **traditional pitch process** is not fit for purposes today. 97% of agencies and 59% of brands say the traditional pitch is not in line with modern-day expectations for responsible and ethical business practices. 67% of brands would still consider working with agencies that refuse to engage in the pitch process. 100% of agencies and 96% of brands say they would consider working with a brand or agency on a three-month, paid-for project in place of the pitch.
- Omnicom's OMD repeated as **the top-ranked media agency globally** by billings in 2021, according to analysis by agency research firm COMvergence. The agency posted billings of \$23.8 billion, up nearly 12% compared to COVID-impacted 2020. OMD also retained the billings crown for the US region. GroupM's Mindshare placed second with \$22.6 billion (+12.6%), while Dentsu's Carat and GroupM's MediaCom shared the third spot, each with total billings of \$17.2 billion. Publicis Media's Starcom rounded out the top 5 (\$15.2 billion, +21%), and GroupM's Wavemaker was sixth (\$14.8 billion, +13%).

Top 6 Media Agency Networks Final 2021 Global:

Rank	Media Agencies	Owner Groups	Total Billings M\$ 2021	Share of Digital Billings 2021	Industry Market Shares 2021	Intra Network Market Shares 2021	# Clients	Total Billings M\$ 2020	Growth in M\$ 2020-21	Growth in % 2020-21
#1	OMD	OMG	23 843 M\$	44%	6,1%	12,1%	2123	21 349 M\$	2 494 M\$	11,7%
#2	Mindshare	GroupM	22 645 M\$	45%	5,8%	11,5%	1834	21 105 M\$	2 539 M\$	12,6%
#3	Carat	dentsu intl	17 229 M\$	43%	4,4%	8,7%	1400	15 413 M\$	1 816 M\$	11,8%
#4	Mediacom	GroupM	17 187 M\$	41%	4,4%	8,7%	1731	14 988 M\$	2 198 M\$	14,7%
#5	Starcom	Publicis Media	15 200 M\$	43%	3,9%	7,7%	895	12 535 M\$	2 673 M\$	21,3%
#6	Wavemaker	GroupM	14 816 M\$	43%	3,8%	7,5%	1841	13 080 M\$	1 735 M\$	13,3%

- Per COMvergence, at the group level, WPP's **GroupM retained the top spot** with total billings of \$61.6 billion, +15% versus 2020. Publicis Media was second (\$43 billion, +17.9%), followed by Omnicom Media Group

(\$38.1 billion, +13.8%). The Big 6 media agency networks (owned by WPP, Omnicom, Publicis, Interpublic Group, Dentsu, and Havas) as well as major independent agencies reached \$241 billion across 48 markets.

Top 3 Media Agency Groups Final 2021 Global:

Rank	Media Groups	Total Billings M\$ 2021	Share of Digital Billings 2021	Industry Market Shares 2021	Intra Network Market Shares 2021	# Clients	Total Billings M\$ 2020	Growth in M\$ 2020-21	Growth in % 2020-21
#1	GroupM	61 632 M\$	44%	15,7%	30,1%	5870	53 657 M\$	7 975 M\$	14,9%
#2	Publicis Media	43 020 M\$	43%	11,0%	21,0%	2674	36 476 M\$	6 545 M\$	17,9%
#3	Omnicom Media (OMG)	38 149 M\$	44%	9,7%	18,6%	3512	33 517 M\$	4 633 M\$	13,8%

New agencies or capabilities, restructures, and reorganizations:

- **Dentsu** announced the consolidation of its creative shops into one entity called Dentsu Creative. Brands including dentsuMB (formerly mcgarrybowen), 360i, and Isobar are being shelved, and others will form the new Dentsu Creative global master brand, which will house 9,000 creatives worldwide.
- **IPG's McCann** launched a dedicated design practice called McCann Design combining resources from its offices in New York, London, and Toronto to address growing client needs (product design, service design, and UX design).
- Los Angeles-based media consultancy **Exverus Media** launched an agency dedicated to the retail media discipline called Retail Media Partners, based in LA and with offices in Detroit and New York.
- Santa Monica-based agency **Palisades Media Group** closed its doors after 26 years. Per the *Los Angeles Times*, the agency owed millions of dollars to various media companies.
- **Stagwell** reorganized its media network, adding several creative agencies (Crispin Porter + Bogusky, Forsman & Bodenfors, Observatory, Bruce Mau, Vito brands), previously organized under the holding company's Integrated Agencies Network operating unit, to its main operation to offer clients more integrated advertising services that include both creative and media.
- Havas' health and wellness and multicultural units have joined to form a new health equity unit, **Republica Havas Health**, aimed at servicing brands targeting multicultural patients and consumers. The new unit, which is part of the Havas full-service multicultural agency Republica Havas, will tap the resources of health and wellness sister unit Havas Health & You.
- **Agency Luckie** purchased a plot of land in virtual world platform Decentraland for their first virtual office. Developed by Luckie's brand experience and creative teams, the new virtual office is used for presentations and gatherings of employees and business partners to "experiment in the Web3 world."

- The Minneapolis-based agency **Periscope** launched a new offering, Favorite Child, to further the power of design. The practice offers design strategy, brand identity, packaging, and retail design services.
- **Omnicom Media Group** rolled out Google tech consultancy TRKKN across major new markets, including Australia, Denmark, New Zealand, Netherlands, Portugal, Singapore, Turkey, UK, UAE and the US. Later in the year, expansion is planned to Asia, the Middle East, and Latin America is planned.
- **Publicis Groupe** launched CitrusAd, powered by Epsilon, the so-claimed industry's first unified on-site and off-site retail media platform, now integrated with Epsilon to optimize for on-site and off-site consumer data. The group acquired CitrusAd a few months prior.
- Irvine, California-based **Advantage Solutions** combined several entities to create a new commerce marketing agency called Advantage Unified Commerce. The entity combines the expertise of Amazon specialists Beekeeper Marketing and eShoppportunity and various e-commerce solution providers.
- **Horizon Media** launched a new business-to-business media services practice, called Green Thread, focusing on revenue growth and data-driven strategies.

Responsible advertising (diversity and inclusion, environment):

- A new initiative called **Advantage Ukraine** has launched, involving WPP shops in Ukraine, Poland, and the Czech Republic, encouraging brands to invest in Ukraine.
- The Association of National Advertisers, the American Association of Advertising Agencies, and the Alliance for Inclusive and Multicultural Marketing developed as a follow-up to the "buyers" guidelines a companion set of **guidelines for suppliers working with advertisers and agencies** in order to help the diverse media supply chain standardize its processes. Examples: Register Your Business on Marketer Supplier Portals, Consider Certification, Push Back on Extended Payment Terms, Be Clear on Evaluation Criteria.

- **GroupM** unveiled an initiative to provide the basis for standardizing an industrywide calculator focusing on creating ads and buying media to reduce the ad industry's carbon footprint, as well as steps to operationalize it—initially internally at GroupM and with its clients, but also through various players.
- The **Global Alliance for Responsible Media**, a group organized by the World Federation of Advertisers, introduced new guidelines on misinformation, new standards on ad placements, and an outline of first steps to make the metaverse safe for advertising. The new misinformation guidelines are in addition to the existing GARM Brand Safety Floor and Suitability Framework.
- **Omnicom Group** released its diversity, equity and inclusion (DE&I) report stating that 40% of all new hires in the US were Black, Indigenous, LatinX, or Asian American. At the end of 2021, 20% of Omnicom's executive or senior level managers in the US were Black, Indigenous, LatinX, or Asian American, a 25% increase since 2018.
- **Publicis Groupe** released its DE&I report showing a 17.5% YOY increase in the percentage of people of color across its US workforce. Overall, people of color now constitute 34% of the Publicis Groupe US workforce. The increase is strongest in entry-level positions, at 42%, up 22% from last year; mid-level positions are up 15%, and senior leadership positions, 19%.

In-house agencies:

- Per the **World Federation of Advertisers** and **The Observatory International**, 80% have an in-house agency (vs. 57% in 2020) and 13% are considering establishing one. Cost savings (76%), improved speed (73%), and increased productivity (52%) are the primary reasons for establishing an in-house agency.
- Per Lytho's 2022 Q2 Creative Management Report, 38% expect the number of people on their **in-house agency** team to grow in the next 12 months, mostly in creative strategy (31%), followed by marcom strategy (19%), brand management (16%), digital design (15%), social media design (12%), and web design (8%). 64% say internal clients struggle to completely understand the value proposition of in-house agencies. Issues such as tight deadlines (48%), unclear project requests (40%), and unexpected changes (38%) impact work and create tension.
- **Insurer Liberty Mutual's in-house agency**, Copper Giants, expanded beyond its in-house duties with a project assignment for Boston-based brewery Harpoon Beer. Copper Giants has 30 staff including creatives, strategists, and producers and handles 80% of the consumer-facing creative for the business.

Noteworthy quotes:

- » "We have to be heat-seeking missiles for talent. There has to be a plan, and it has to be measured."
—Vicky Free, Head of Global Marketing, **Adidas**
- » "Brands and agencies need to 'reframe' their relationship and 'put the idea at the center of everything' in order to produce the most impactful work."—Todd Kaplan, CMO, **Pepsi**

- » "We want the world to know that Ukraine is still open for business and has the potential to be a key cultural and digital technology European hub."
—Oleksandr Tkachenko, Minister of Culture and Information Policy, **Ukraine**
- » "At its best, marketing procurement is an enabler and facilitator; at its worst, it can be a roadblock and bottleneck."—Bill Duggan, Group Executive VP, **ANA**
- » "We're looking to get into bigger global pitches as our network expands and grows so that we will become the ultimate digital-first challenger."—Mark Penn, CEO, **Stagwell**
- » "We decided to reframe our dialogue and call ourselves co-conspirators."—Todd Kaplan, CMO, **Pepsi**
- » "When building teams, mechanisms are important. Goal setting, check-ins, and feedback loops all work well. Then beyond the mechanisms, you have to give people room to innovate."—Evaristus Mainsah, VP, People x Experience, **Amazon AD**
- » "Copper Giants is a model for how creative and in-house agencies can thrive in tandem."
—Danny Gonzalez, Executive Creative Director, **Goodby, Silverstein & Partners**
- » "Frankly, we're late to the party and we have to own that. Our industry does not reflect the communities that we serve globally."—Vicky Free, Head of Global Marketing, **Adidas**
- » "Some are going faster and some are going deeper but everyone today realizes that greenwashing won't do it anymore."—Arthur Sadoun, CEO, **Publicis Groupe**
- » "I don't need 20 of me. I need people who come from different places, perspectives, and backgrounds to bring that to the agency. Otherwise, you're just repeating yourself."—Gary Vaynerchuk, CEO & Co-Founder, **VaynerMedia**

Company profiles:

- **L&C (Lanfranco & Cordova)** is an independent creative agency founded by two immigrants from Peru who believe all brands require ideas and communication that break cultural and geographical barriers. Headquartered in New York City with a production studio in Lima, the agency creates effective, award-winning campaigns and content with outstanding production value. The agency is Ad Age's A-List Newcomer Agency of the Year, The One Show Independent Agency of the Year, and Cannes Lions Grand Prix Winner. Clients include Dole, GE, Mini, and Foot Locker.
- **David Madrid** is a creative company based in Madrid and in the legacy of David Ogilvy, with offices in Bogota, Buenos Aires, São Paulo, Miami, and New York. Clients include Burger King, Budweiser, HSBC, Danone, Coca-Cola, Twitter, and Virgin Mobile. Founded in 2019, the agency was Ad Age 2022 International Agency of the Year. The agency deliberately hires diverse and international talent speaking multiple languages and puts the focus on creativity (61% of its staff are creatives).

Looking for more?

Download our consolidated list of **Agencies Profiled** from our 2021 monthly Industry Updates. We share the category they work in and services provided.

Do you already have the right partnerships in place but would like to better manage them? There is a better way. Check out our new video explainer about **RosterDeliver**.

2021: Agencies Profiled

Logo	Agency Name	Category	Services
	Media Metrics Worldwide	Media	Services include audience development strategy, programmatic, strategy and buying, analytics and data visualization, and media planning and buying.
	Media Metrics	Digital	Content, data, digital media, and technology services.
	Media Metrics	Full Service / Digital / Media	Diverse research, social listening, etc. Client brand strategy, media planning, CRM, analytics, etc. and Develop (media buying, creative, social media, analytics, etc.)
	Media Metrics	Digital	Core services include search engine marketing, paid social, display and remarketing, programmatic, video, product lead management, and digital video.
	Media Metrics	Creative / Media	Advertising services.
	Media Metrics	Creative	Broad range of creative and media services aimed at creating cultural relevancy across environments and engaging users across platforms (TV, radio, mobile, etc.).
	Media Metrics	Full Service	Services include strategy design, communications, and execution.
	Media Metrics	Creative	Design, integrated campaigns, interior design, graphic design, brand strategy and advertising, experiential marketing, full-service creative, and packaging design. Creative services and solutions for brands of the new economy.
	Media Metrics	Creative	Strategy and creative work to website and software development, integration and content design, video production, stage design, content development, editorial design, copywriting, and content marketing services.
	Media Metrics	Marketing	Creative digital content production and digital media solutions company focused on data content and programmatic.



RosterDeliver™



As seen on Forbes. Check out one of our latest articles: **Is Your Preferred Partner Program Painful or Prosperous?** How can we build a more resilient and effective supply chain in a post-COVID and constantly disrupted marketplace?

New article!

Is Your Preferred Partner Program Painful or Prosperous?



agencymania.com



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



Passion comes in a lot of different flavors in our industry. At Cannes Lions, Greenpeace and the creative advocacy group Clean Creatives conducted a series of stunts and social media tactics to raise awareness about environmental issues, including protesters displaying signage with hashtag #BanFossilAds and, dressed in dog costumes, staging a beach invasion to call out the ad industry's creation of ads for fossil fuel companies.

- The **2022 Cannes Lions International Festival of Creativity** reminded us of the importance of doing good using advertising as a vehicle. For example, DDB Mexico built a system that provides credit ratings to women in Mexico who have never had them. VMLY&R built a system that archives voices of people losing theirs to motor neuron disease.
- Other innovative concepts at **Cannes Lions**: McCann unveiled “MWverse,” a virtual gallery that housed the agency's most memorable campaigns of the year and is used for client meetings. Meta re-created the French Riviera in a world called “Cloud Island.”
- Matt Davies and Pieter-Paul von Weiler (BetterBriefs) and Mark Ritson, in partnership with the Institute of Practitioners in Advertising, launched a best-practice guide called “**The Best Way for a Client to Brief an Agency.**”
- Per **BetterBriefs Project global report 2021**, 90% of marketers and 89% of creative agencies agree “it's difficult to produce good creative work without a good marketing brief,” and 80% of creative agencies indicate their clients have a poor or limited understanding of what they need from a brief.
- The Association of National Advertisers released its first-ever guidelines (and metrics) for **measuring influencer marketing**, developed in collaboration with agencies and major platforms and endorsed by the Media Rating Council.

Awards:

- A campaign for the restaurant chain Applebee's received the **2022 Grand Effie** for its TikTok-viral collaboration with pop country singer Walker Hayes, who performed his country hit “Fancy Like” with the lyrics featuring a date night at Applebee's.
- Per **Ad Age's Agency Report**, the holding company of 2022 was Publicis Groupe. Other 2022 notables: Agency Network—TBWA; Comeback Agency—Grey; International Agency—David Madrid; Multicultural Agency—IW Group; Media Agency—Spark Foundry; Creative Agency—We Believers, Data/Analytics Agency—Digitas; In-house Agency—LinkedIn; Design and Branding Agency—Jones Knowles Ritchie; Social Media and Influencer Agency—Day One Agency; Customer Experience Agency—VML (Y Media Labs); Newcomer Agency—L&C; Purpose-led Agency—Assembly

- Per **Ad Age's Agency A-List 2022**, 10 top agencies were (in order): Mischief, R/GA, Translation, Goodby Silverstein & Partners, VaynerMedia, Alma, FCB Global, Droga5, Anomaly, Fig. 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, WorkInProg
- Per **Ad Age, 2022 top production agencies** were (in order): M s s ng P eces, Smuggler, Stink Films, Superprime, Somesuch, Arts & Sciences, Hungry Man, O Positive, MJZ, Object & Animal. 2022 production company standouts: Anonymous Content, Biscuit Filmworks, Bob Industries, Caviar, Division7, Epoch, Little Minx, Nexus, Park Pictures, Prettybird, Psyop, Pulse, Radical, Reset, Unit9
- Mojo Supermarket won Gold in **Ad Age's Small Agency Awards**, while Movers+Shakers took Silver. Fred & Farid LA, Lerma/, and Fitzco all won Gold awards, and Majority took the top prize in the Newcomer category.
- Publicis Media was named a “leader” in **Forrester Wave Global Media Management Services'** latest report, achieving the highest strategy category score and in data-driven media planning and execution. Other highlighted agencies were Dentsu Media, GroupM, Havas Media Group, IPG Mediabrand, Omnicom Media Group, and Stagwell Media Network.
- Forrester issued its latest report on **Marketing Creative and Content Services providers**, which featured three “leaders”: WPP's VMLY&R, Omnicom Precision Marketing Group, and Accenture. “Strong performers” were Deloitte, S4 Capital's Media.Monks, WPP's Ogilvy, Omnicom's BBDO, and Publicis Worldwide. “Contenders” were digital agency Dept, Interpublic's MullenLowe and R/GA, Publicis Groupe's Leo Burnett, and dentsuMB.
- **2022 Emmy nominees** for Outstanding Commercial are Media Arts Lab's “Everyone But Jon Hamm” ad for Apple TV+; Leo Burnett Chicago's “The Lost Class” ad for Change the Ref; Droga5's “Skate Nation Ghana” ad for Meta; BBDO New York's “Teenage Dream” for Sandy Hook Promise; Commonwealth/McCann's “Walter the Cat” for Chevy Silverado; and Apple's “Detectives” ad for the Apple iPhone 13 Pro.
- **Association of National Advertisers' 2022 “In-House Excellence Awards”** celebrated CVS Health, which took “Best in Show” for its innovative “One Step Closer COVID-19 Vaccination Campaign.” Molson Coors' in-house agency VOLT won the “In-House Agency of the Year” category, and L'Oréal won “Best Media Plan” for its “Defining Our Brows and Streaming Success” plan for Maybelline New York.

Noteworthy quotes:

- » “A brand co-owned and co-authored by lots of people, that's cool.”—Neal Arthur, Global CEO, **Wieden+Kennedy New York**
- » “Writing bad briefs is the most expensive way to write advertising.”—Sir John Hegarty, Co-Founder and Creative Director, **The Garage Soho**

- » “There is unlimited potential to transform any business, but we need to transform the way we approach creativity. Stop asking where an idea came from, it can come from anywhere. It’s about collaboration.”—Ronald Ng, Global Chief Creative Officer, **MRM**
- » “Winning a Cannes Lion made me a climate criminal. So, I crashed the stage to hand it back.”—Gustav Martner, Head of Creative (Nordics), **Greenpeace**
- » “Media technology has run its course. Content consumption is flat. So, the quality is becoming the source of competitive advantage.”—Andrew Swinand, CEO, **Leo Burnett Group and Publicis Groupe Creative and Production US**
- » “We have a super-power that no other industry in the world has: creativity for growth.”—Marc Pritchard, Chief Brand Officer, **Procter & Gamble**
- » “The center of power shifted away from agencies and towards clients long ago, so that their relationships today are much more like customer-vendor or master-slave relationships than true partnerships.”—Michael Farmer, Chairman and CEO, **Farmer & Company LLC**
- » “In Web3, this will become our connected wallet and the NFTs we have in our wallet will be important not only for what sort of utility they provide, but what they say about us.”—Eric Jacobs, Chief Innovation Officer, **VaynerMedia**
- » “A clear majority of both brand and agency leaders feeling increasingly disenfranchised with the pitch process as it stands today.”—Charlie Carpenter, CEO, **Creativebrief**
- » “After years of procurement separating media from creative, the demands of the digital world are bringing them together again, and we are responding to this trend.”—Mark Penn, CEO, **Stagwell**



FINANCIALS: Driving efficient use of resources

Although there are concerns that the industry may experience a significant slowdown, advertising spend historically has risen during recessions (1973-1975, 1980, and 1981-1982), which might explain why advertisers and agencies seem confident. Major media groups like GroupM are forecasting 2023 ad revenue to increase in the US by 6%, a slowdown from 2022 (9%) but still encouraging. Private equity firms, in addition to consultancies, tech companies, and global holding networks, continue to acquire aggressively, reflected in a rising number of M&A deals, especially data- and tech-driven business opportunities. The increasing focus on being customer-first is also driving M&A interest across digital customer experience (CX) and digital transformation.

- Per **Ad Age's Agency Report 2022**, US agency revenue in 2021 grew at its fastest pace since the dot-com bubble of 2000: US revenue for agencies from all disciplines jumped 13.5% in 2021. Digital share of revenue reached 64%. For five top agency holding companies (WPP, Omnicom, Publicis, Interpublic, Dentsu), worldwide growth in 2022 is forecast to grow 4.8% to 5.1% (with organic growth between 9.6% and 11.5% worldwide). In 2021, US revenue for agencies from all disciplines, excluding the four big consultancies, rose 11.8%. Revenue at Accenture Interactive (now Song) increased 27% in the US and 17.4% worldwide.
- Per auditors AuditStar and Cortex Media, despite US consumer price inflation nearing double-digit rates, **advertising cost inflation across media** is expected to rise only 6.7% this year and is projected to moderate to 5.1% next year. In the US, the only medium projected to inflate at a higher rate in 2023 is CTV (connected TV).
- Per Ad Age, the **top 10 biggest global advertisers** based on 2021 spend:
 - 1) Procter & Gamble
 - 2) Amazon
 - 3) L'Oréal
 - 4) Samsung Electronics
 - 5) Alibaba Group Holding
 - 6) Unilever
 - 7) Nestlé
 - 8) Comcast
 - 9) LVMH Moët Hennessy Louis Vuitton
 - 10) Alphabet (Google)
- Per Ad Age, the **top 10 biggest US advertisers** based on 2021 spend:
 - 1) Amazon
 - 2) Comcast
 - 3) Procter & Gamble
 - 4) American Express
 - 5) Walt Disney
 - 6) Alphabet (Google)
 - 7) Warner Bros Discovery
 - 8) Verizon Communications
 - 9) Walmart
 - 10) Charter Communications

Amazon totaled \$10.4 billion in US ad spending in 2021, well above Comcast (\$6 billion) and P&G (\$5.1 billion).

- Per McKinsey, **annual global spending related to the metaverse** could reach \$5 trillion by 2030. E-commerce in the metaverse is expected to reach \$2 trillion to \$2.6 trillion of the total, while virtual advertising endeavors could make up \$144 billion to \$206 billion.
- Per Ad Age, the **top 10 most advertised brands in the US** based on 2021 measured-media ad spending:
 - 1) Geico
 - 2) Amazon
 - 3) T-Mobile
 - 4) Progressive
 - 5) Google
 - 6) Apple
 - 7) Verizon
 - 8) AT&T
 - 9) Allstate
 - 10) Liberty Mutual
- Per Insider Intelligence, advertisers will spend \$774.8 million on TikTok **influencer marketing in the US in 2022**, more than Facebook (\$739 million) but less than YouTube (\$948 million) and far less than Instagram (\$2.2 billion). Total influencer marketing spend is expected to reach \$5 billion in the US this year.
- Per Ciesco, there were 1,033 **M&A transactions** in H1 2022, a 21% increase YOY and a 82% increase over the same period in 2020. The total value of deals was \$28.2 billion, a 68% decrease YOY. Seven deals had announced values of more than \$1 billion in H1 2022. The digital agency, digital media and MarTech sectors showed the highest deal volume. Accenture slowed down its buying spree in its sector.
- **Amazon's** advertising services generated \$8.76 billion in revenue in Q2, an 18% increase YOY. Sales increased 7.2% to \$121.2 billion in the period ended June 30, closing the gap with its ad giant competitor, Google.

Holding company financial performance:

- **WPP** reported H1 revenue of £6.7 billion (\$8.1 billion), up 10.2% YOY. The group showed strong new business performance with \$3.4 billion net new billings in H1 and operating profit margin of 11.6%. Faster growth areas—experience, commerce and technology (around 39% of revenue)—had less pass-through costs for Global Integrated Agencies, minus GroupM in H1. By industry sector, the following had revenue gains: 12% in technology, 7% in CPG (consumer packaged goods), and 7% in Healthcare. The group is investing for growth, enhancing data capabilities through Choreograph and launch of Everymile, direct-to-consumer e-commerce offerings, and the acquisition of Village Marketing to accelerate creator economy growth and Bower House Digital, a leading marketing technology agency. WPP was awarded most creative company at Cannes Lions for the second year running.

- **Publicis Groupe** reported 21% new revenue growth, including 10.3% organic revenue growth and a 21% increase in net revenue to €5.9 billion, or \$6.01 billion, for its second quarter. Organic revenue rose 10.4% in the first half of the year. Publicis Sapient and Epsilon grew by 19.1% and 13.7%, respectively. The operating margin rate notably increased by 17.3% YOY. The group is showing strong momentum with a shift of client investment toward data, technology, and digital business transformation.
- **Omnicom** reported revenue of \$3.5 billion in Q2, with organic growth of 11.3%. The operating profit was \$541 million, and the operating profit margin was 15.2%. Organic growth increased across all of Omnicom's fundamental disciplines: 8.2% for Advertising & Media, 15.8% for Public Relations, 21% for Precision Marketing, 9.2% for healthcare, 9.3% for Execution & Support, 11.2% for Commerce & Brand Consulting, and 36.6% for Experiential. The group acquired TCA, a full-service performance marketing agency, which is now part of Omnicom Media Group. The group formed partnerships in retail media and e-commerce (Walmart, Instacart, Amazon.com, Kroger).
- **Interpublic Group** reported revenue of \$2.38 billion, an increase of 4.7% from a year ago, with organic growth of 7.9%. It was a strong first half, notwithstanding general macroeconomic concerns. Second-quarter net income was \$229.6 million with a margin of 15.6% on net revenue. IPG had growth at all of its largest agencies, significantly outpaced by IPG Health, followed by strong growth at Mullen Lowe and FCB. Its Media, Data & Engagement Solutions segment—made up of Mediabrands, Acxiom, Kinesso, and IPG's digital and commerce specialist agencies, including MRM, R/GA and Huge—grew 6.2% organically. IPG's Specialized Communications & Experiential Solutions segment—IPG DXTRA and DXTRA Health, Weber Shandwick, Golin, Jack Morton, Momentum, and Octagon—saw 11.1% organic growth. IPG expects FY22 organic growth to exceed 6.5% and to deliver a 16.6% adjusted EBITDA margin for the year.
- **Dentsu Group** reported \$1.9 billion (260,079 million yen) for the second quarter with organic growth of 8.2%, Dentsu Japan Network, 7.9%, and Dentsu International, 8.4%, as clients continue to invest in their brands, supported by technology, data, and digital solutions to enhance their customer strategies. Customer Transformation & Technology grew 22.5%, reaching 32.3% of Group revenues, 27.5% at Dentsu Japan Network, and 35.7% at Dentsu International. The operating margin increased to 13.9%. The Group has completed two acquisitions to reach a goal of 50% of revenues generated by Customer Transformation & Technology. Pexlity, a Dublin-based Salesforce consultancy, and Extentia, a global consultancy, deliver solutions across mobile, cloud, and experience. The group expects 4% to 5% organic growth with a 17.7% operating margin for the year.
- **Stagwell** reported revenue of \$672.9 million in the second quarter, an increase of 221.1% YOY and YTD revenue of \$1,315.8 million, an increase of 236.7% YOY as the holding company plans to further mix its creative and media capabilities (creative agencies Crispin Porter + Bogusky, Forsman Bodenfors, The Observatory, and Vitro combined with Stagwell's media network). Organic net revenue grew 16% in Q2 and 19.1% YTD. Net income in Q2 was \$24.5 million. The group reported a 20% margin on net revenue. The holding company still predicts 18% to 22% net revenue organic growth in 2022.
- **Vivendi-owned French holding company Havas Group** reported organic revenue growth of 11.5% for Q2. Net revenues were €642 million (\$652 million), up 21% for the period. Havas Group's H1 revenues of €1.26 billion were up 11.5% YOY. Profits rose 28% to €112 million (\$114 million) in H1. The firm acquired Tinkle (Spain and Portugal), Invigra (UK and Germany), Search Laboratory (UK and US), Frontier (Australia), and Front Networks (China) in the first half of the year. Major account wins included Boehringer Ingelheim (media, US), Chewy (creative, Arnold Boston), and Amgen (Havas Health & You).

Mergers and acquisitions (M&A) activity:

- Global marketing consultancy **R3** acquired ad intelligence platform Adbrands.net (Adbrands), which reports on over 1,000 leading advertisers, brands, and agencies, and tracks the world's leading brands and companies. It includes information such as business records, geographic strength, and comparative performance of holding companies and key agencies, strengths, weaknesses, history, up-to-date news, and top-line financial information.
- Holding company **WPP Group** acquired Australian MarTech services agency Bower House Digital, which will be merged into the Ogilvy network to strengthen the group's tech solution offering. Existing clients include Target and Nike.
- **Tremor International**, a video-focused advertising-technology company, acquired Amobee, a cloud-based, data management, cross-channel, demand-side advertising platform for \$239 million in a move to expand Tremor's demand-side market share.
- **Accenture** acquired Minneapolis-based commerce agency The Stable to build up its commerce expertise globally. The agency, which helps brands build and operate their own digital commerce channels and manage their brand and sales performance across key North American retailers, is now part of Accenture Song.
- **WPP** acquired Brazilian e-commerce agency Corebiz, which operates in Latin America with major hubs in São Paulo and Franca, Brazil, to strengthen the holding company's commerce capabilities in Latin America. Clients include Whirlpool, Casino Group, Walmart, Carrefour, Decathlon, and Estée Lauder. The firm is now part of the VMLY&R Commerce global network.

- **S4 Capital** acquired social media and influencer marketing agency XX Artists, which it will combine with S4's content company Media.Monks. XX Artists clients include Google, YouTube, Logitech, and Ancestry.com, and the agency collaborates with top musicians, actors, artists, and public figures on their digital platforms.
- Social creative agency **We Are Social** acquired a majority stake in influencer-marketing and Singapore-based agency Kobe, growing its position in the region. Kobe collaborates with celebrities and influencers. Clients include PepsiCo, Logitech, and Suntory.
- **Plus Company**, a private-equity-backed marketing holding company based in Quebec, acquired Mekanism. The agency has offices in San Francisco, New York, Chicago, and Seattle. Plus Company, the "un network" company, has more than 20 agencies under its umbrella (We Are Social and its sister agencies, Socialize, Hello, Kobe, and Metta; Fuseproject; All Inclusive Marketing, Aperture1, Camp Jefferson, Citizen Relations, Cossette, Cossette Media, and Eleven).
- **Horizon Media** acquired First Tube, which specializes in distributing digital brand "experiences" across digital channels, in a move to expand its media services portfolio into digital experiential.
- **Dentsu Group** acquired Pexlify, a Salesforce consultancy based in Dublin. The consultancy will become part of Dentsu International's data and consumer experience management company Merkle. Clients include Allianz, Amazon, and Bank of Ireland.
- Portland, Oregon-based **Sortis Holdings** acquired D2C-focused digital agency WLCR to strengthen its offering. Sortis develops brands and properties in the lodging, food and beverage, and beauty and wellness sectors.
- Washington, DC-area marketing agency **White64** acquired the Jake Group, a 20-year-old independent branding and digital studio. The agency will serve as the group's de facto digital advertising and marketing services department.

Noteworthy quotes:

- » "Given the economic headwinds of today, there is no better time than now to put a new pay structure in place and truly build a partnership with your client, and in doing so, realign your relationship." —Michael Aaron Flicker, Founder and President, **XenoPsi**
- » "To paraphrase Nassim Nicholas Taleb, in his New York Times best-selling book *Skin in the Game*, 'People have two brains, one when there is skin in the game, one when there is none.' Can anyone argue? When there is fire, you will run faster than in any competition." —Michael Aaron Flicker, Founder and President, **XenoPsi**
- » "Agency scopes of work, like American waistlines, have ballooned during the past several decades, driven by clients' insatiable appetites for digital/social work and accepted by their agency partners, who are keen to demonstrate their integrated capabilities." —Michael Farmer, Chairman and CEO, **Farmer & Company LLC**
- » "The sexiness of a pitch...everybody's obsessed with 'I won this.' Yeah, but you spent \$300,000 and it's going to take you three years to make that up." —Sandy Greenberg, Co-Founder & CEO, **Terri & Sandy**

Get your copy of our latest e-poster, **2022 Top Agencies in the World**, that captures the largest global agencies based on 2021 revenue/agency changes.

We break down the notable agencies (and networks) for the top 6 and list out the top 15 agencies' revenue, change year-over-year and key information (HQ, worldwide scope, size, etc.).



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.

- Self Esteem Brands-owned **Anytime Fitness** selected Mischief @ No Fixed Address as its creative AOR following a review. This is the brand's first AOR appointment.
- The Volkswagen Group luxury brand **Bentley Motors** selected Interpublic Group's McCann Worldwide as its new lead creative and strategic AOR, replacing incumbents Keko London and Minneapolis-based Solve, and using an open architecture approach with strong geographical coverage.
- Apparel company **Burberry** kicked off a review of its global media business. Incumbent dedicated Dentsu International unit is expected to defend.
- **Bud Light** kicked off a review of its creative account for its portfolio of brands, including Bud Light, Bud Light Seltzer, and Bud Light Next. Incumbent Wieden+Kennedy NY declined to participate and will continue work on Budweiser global, Michelob Ultra, Corona, NUTRL, and the Anheuser-Busch brand.
- **Beam Suntory** selected independent Chicago creative agency Highdive as its creative AOR for five of its brands, including James B. Beam and Sauza Agave Cocktails.
- **Bombas** selected Horizon Next, the data-driven media agency within Horizon Media, as its video AOR. The agency will work with the DTC sock brand on strategic planning, buying, and advanced analytics for video.
- Footwear brand **Crocs** selected Digitas as its global creative and media AOR following a review, replacing McKinney, the incumbent since 2014. The brand previously handled creativity in-house.
- Garage door company **Chamberlain Group** selected Droga5 as its AOR following a review. The agency will partner with Accenture Song to help Chamberlain rebrand its business. The brand previously worked with Chicago agency Schafer Condon Carter.
- **Discover Financial Services** selected GroupM's Mindshare as its new US media AOR following a review, replacing incumbent Publicis Groupe's Spark Foundry. The agency will handle full-funnel marketing and media efforts, audience and media strategy, planning, investment, measurement, and data and analytics.
- **Digital Gaming Corporation** selected Deutsch NY as its US strategic creative AOR. The agency will handle creative strategy and in-market activations as the lead agency of record in the US.
- Used car dealer **Echopark Automotive** selected VaynerMedia as its first AOR following a review in a move to expand its footprint and invest in marketing to build the brand through digital media. The agency will handle all duties, including creative, strategy, analytics, and social.
- Unilever-owned tea marketer **Ekaterra** selected Omnicom's PHD as its global media AOR following a review. The agency will handle traditional and digital media planning and buying (including commerce) with a "digital first mindset" in 42 markets for the Ekaterra portfolio (brands include Lipton, PG Tips, Pukka, T2, and Tazo).
- Snack brand **Harvest Snaps** selected Cutwater as digital creative AOR following a review. The agency will handle creative, digital, brand, and social strategy.
- **John B. Sanfilippo & Son (JBSS)** selected New York-based agency Terri & Sandy as its new strategic-creative AOR and NitroCagePoint as its media AOR following a review. The agencies will work across the brand portfolio, including Fisher, Orchard Valley Harvest, and Squirrel.
- Footwear brand **Nike** selected independent agency PMG and Interpublic Group of Cos.' Initiative as its new media AORs following a review. The account is estimated to be worth \$1 billion, and the agencies will handle paid media strategy and execution (planning and buying) for brand advertising and performance marketing. PMG will handle North America (previously handled by its creative AOR Wieden+Kennedy) and global digital capabilities, and Initiative will handle all other markets (previously handled by incumbents WPP's Mindshare and Stagwell-owned Assembly).
- Insurance company **Nationwide** selected WPP-owned GroupM's Essence as its media AOR. WPP created "Team Nationwide," an integrated agency team including Essence and Ogilvy to serve the account, bringing media, tech, and creative work under one umbrella. The agency will collaborate with WPP Ogilvy, its creative AOR since 2016. Essence will merge with MediaCom in 2023 to form EssenceMediacom.
- **Planet Fitness** moved away from the bespoke unit within Publicis Groupe and the relationship as a single holding company model and went back to working with Barkley as its AOR less than a year after appointing Publicis.
- **PepsiCo** selected Publicis Group India to handle media duties in that country, replacing incumbent WPP's Mindshare. This win comes after becoming creative and digital AOR for PepsiCo in India as well.
- **Prudential Financial** selected Interpublic's McCann as its new creative and advertising AOR following a review, replacing incumbent StrawberryFrog, which did not participate. Prudential's in-house creative unit will collaborate with the agency on marketing efforts including strategy, campaign execution, and the development of creative assets.

- Sports entertainment company **Topgolf** selected Stagwell Group's Anomaly as its creative AOR following a review, replacing the incumbent of more than 10 years, Converse. The agency will work with media AOR Mediahub and social AOR Day One.
- Condom maker **Trojan** selected Portland, Maine-based Via as its US creative AOR, replacing 72andSunny, the incumbent since 2018, and expanding its relationship with the parent company Church & Dwight and the Arm & Hammer brand.
- **T. Marzetti Company** selected Columbus, Ohio-based agency The Shipyard as its integrated AOR following a review, replacing incumbent Cramer-Krasselt. The agency will handle strategy, creative, and national media planning and buying across the brand's portfolio (Marzetti Dips and Dressings, New York Bakery, Sister Schubert's, and Reames).
- Athletic wear company **Under Armour** selected independent agency Zambezi as its global creative AOR following a review. The brand previously handled work through its in-house agency and worked with agencies on a project basis as well.
- **Upwork** selected IPG Mediabrands' agency UM as its media AOR following a review. The agency will handle brand media strategy, planning, buying, and data and analytics. The agency will leverage Acxiom data as well as IPG Mediabrands' resources to build "a truly integrated team."
- **ViiV Healthcare** selected Havas Health & You as its global AOR. The agency will handle all brands and portfolios.
- Real estate company **Zillow** kicked off a review of its creative account. The incumbent, New York-based Fig, is expected to defend, two years after securing the account.

Agency Mania 2nd Edition now available!

The advertiser/agency relationship is under incredible pressure, and the future of the advertising industry is uncertain. The entire marketing ecosystem is being tested.

At a time of unprecedented change and complexity in marketing, Agency Mania will transform the way you look at client/agency relationships. It invites you to build sustainable partnerships that deliver unmatched work and results.

Ask us for a signed copy.

Interested in paperback copies of Agency Mania for your teammates and colleagues? Please contact us at: info@agencymania.com

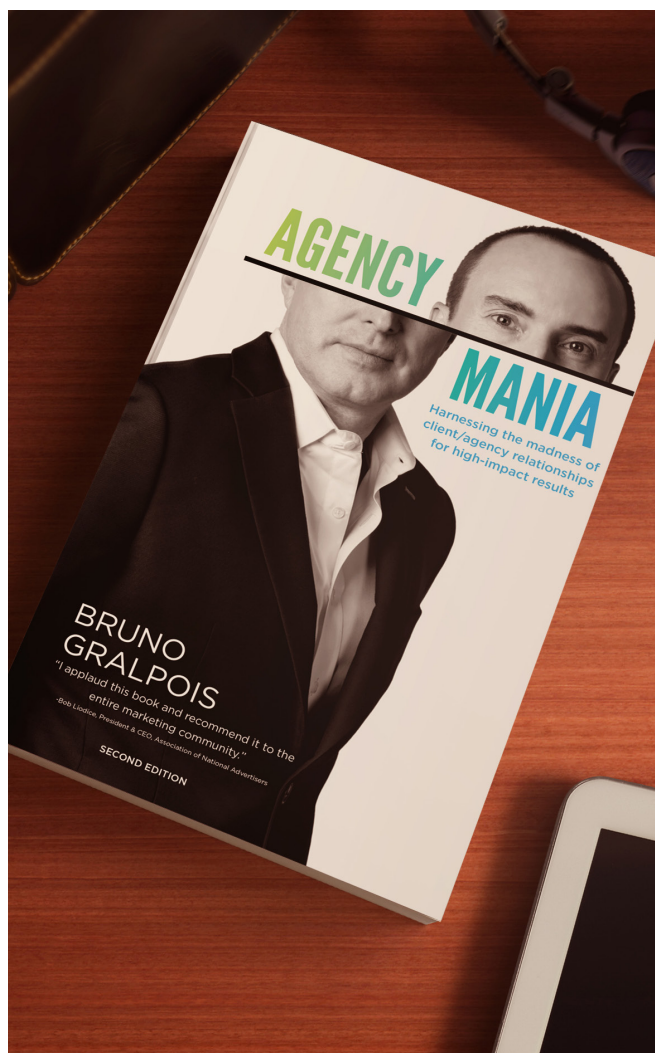
Or, scan here to order online:



Also available for purchase at:

amazon

BARNES&NOBLE



Agency roster summary:

COMPANY LOGO	CLIENT	INCUMBENT	CHANGE/SCOPE	FOCUS AREA	NEW AGENCY	REVIEW?
	Anytime Fitness	Unknown	Creative AOR	Global	Mischief @ No Fixed Address	Y
	Bentley Motors	Keko London and Solve	Lead Creative and Strategic AOR	Global	McCann Worldwide	Unknown
BURBERRY	Burberry	Dentsu International <i>(expected to defend)</i>	Media	Global	<i>[Review in Process]</i>	Y
	Bud Light <i>(Bud Light, Bud Light Seltzer, Bud Light Next)</i>	Wieden+Kennedy NY <i>(declined to participate)</i>	Creative	US	<i>[Review in Process]</i>	Y
	Beam Suntory	Unknown	Creative AOR	Unknown	Highdive	Unknown
	Bombas	Unknown	Video AOR	Unknown	Horizon Next	Unknown
crocs	Crocs	McKinney	Creative and Media AOR	Global	Digitas	Y
	Chamberlain Group	Schafer Condon Carter	AOR	Unknown	Droga5	Y
DISCOVER	Discover Financial Services	Spark Foundry.	Media AOR	US	Mindshare	Y
	Digital Gaming Corporation	Unknown	Strategic Creative AOR	US	Deutsch NY	Unknown
	Echopark Automotive	None	AOR	US	VaynerMedia	Y
	Ekaterra	Unknown	Media AOR	Global	PHD	Y
	Harvest Snaps	Unknown	Digital Creative AOR	US	Cutwater	Y
	John B. Sanfilippo & Son, Inc.	None	Strategic Creative AOR	Unknown	Terri & Sandy	Y
	John B. Sanfilippo & Son, Inc.	None	Media AOR	Unknown	Cage Point	Y
	Nike	Wieden+Kennedy	Media AOR	North America & Global Digital	PMG	Y
	Nike	Mindshare and Assembly	Media AOR	All other markets	Initiative	Y
	Nationwide	Universal McCann	Media AOR	US	Essence	Y
	Planet Fitness	Publicis Group	AOR	Unknown	Barkley	Unknown
	PepsiCo	Mindshare	Media	India	India	Y
	Prudential Financial	StrawberryFrog <i>(did not defend)</i>	Creative and Advertising AOR	Unknown	McCann	Y
	Topgolf	Converse	Creative AOR	Global	Anomaly	Y
	Trojan	72andSunny	Creative AOR	US	Via	Y
	T. Marzetti Company	Cramer-Krasselt	Integrated AOR	US	The Shipyard	Y
	Under Armour	MullenLowe	Creative AOR	Global	Zambezi	Y
	Upwork	Unknown	Media AOR	Global	UM	Y
	ViiV Healthcare	Unknown	AOR	Global	Health & You	Y
	Zillow	Fig <i>(expected to defend)</i>	Creative	Unknown	<i>[Review in Process]</i>	Y