

AdAge

Important to
Important People
May 11, 2020

CRAIN

Agency Report
2020

DATACENTER

DIGITAL

By 2019 revenue in each discipline. Dollars in millions. Subscribe to Ad Age Datacenter to see fast facts and expanded rankings for digital networks.

AdAge.com/agencyreport2020

Digital networks: worldwide
15 largest networks by revenue.

Rank	Agency, company	Headquarters	Worldwide revenue 2019
1	Accenture Interactive Accenture	New York	\$10,287
2	Deloitte Digital Deloitte	New York	7,862
3	IBM iX* IBM Corp.	Armonk, N.Y.	5,595
4	PwC Digital Services PwC	New York	4,296
5	Publicis Sapient* Publicis	Boston	2,125
6	Wunderman Thompson* WPP	New York	1,870
7	Epsilon* Publicis	Irving, Texas	1,192
8	Havas Creative* Vivendi	New York	1,049
9	Dentsu Japan Network* Dentsu	Tokyo	1,022
10	Ogilvy* WPP	New York	971
11	RAPP* Omnicom	New York	815
12	Isobar* Dentsu	London	685
13	Publicis Worldwide* Publicis	Paris	650
14	Merkle* Dentsu	Columbia, Md.	628
15	Digitas* Publicis	Boston	576
Total revenue for world's 15 largest digital agency networks (dollars in billions)			\$39.6B

DIGITAL

By 2019 revenue in each discipline. Dollars in millions. Subscribe to Ad Age Datacenter to see fast facts and expanded rankings for digital networks. AdAge.com/agencyreport2020

Digital networks: U.S.

Fifteen largest networks by revenue.

Rank	Agency, company	Headquarters	U.S. revenue 2019
1	Accenture Interactive Accenture	New York	\$4,349
2	Deloitte Digital Deloitte	New York	4,102
3	IBM iX* IBM Corp.	Armonk, N.Y.	1,958
4	PwC Digital Services PwC	New York	1,855
5	Publicis Sapient* Publicis	Boston	1,375
6	Epsilon* Publicis	Irving, Texas	1,140
7	Wunderman Thompson* WPP	New York	1,070
8	RAPP* Omnicom	New York	578
9	Merkle* Dentsu	Columbia, Md.	495
10	Digitas* Publicis	Boston	426
11	FCB* Interpublic	New York	395
12	Havas Creative* Vivendi	New York	388
13	Ogilvy* WPP	New York	385
14	VMLY&R* WPP	Kansas City, Mo.	380
15	R/GA* Interpublic	New York	367
Total revenue for nation's 15 largest digital agency networks (dollars in billions)			\$19.3B

Source: Ad Age Datacenter (Ad Age Agency Report 2020). Expanded rankings: AdAge.com/agencyreport2020. Methodology: AdAge.com/aboutagencyreport2020. Agency Companies database: AdAge.com/agencyfamilytrees2020.

Asterisk indicates Ad Age Datacenter estimate. Agencies ranked based on revenue in discipline. 2019 revenue and rankings based on data collected and/or adjusted in 2020. Revenue shown pro forma. Numbers rounded.

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Digital networks:

Including units that report into networks. Rankings exclude media agencies. Rankings exclude Cognizant; company declined to provide information for report.

Digital's share of U.S. agency revenue:

Percentages as reported in historic Ad Age Agency Reports. Increasing percentages partly reflect that Ad Age Agency Report over time has expanded to include more digital-focused firms, such as major digital-centric consultancies. On a pro forma basis, digital's share was 54.0 percent in 2019 vs. 52.8 percent in 2018.

CONSOLIDATED NETWORKS

By 2019 worldwide revenue. Subscribe to Ad Age Datacenter to see network holdings. AdAge.com/agencyreport2020

Top 25: \$70B

1. Accenture Interactive
Accenture

\$10.3B

\$1.8B

13. BBDO Worldwide*
Omnicom

2. Deloitte Digital
Deloitte

\$7.9B

\$1.8B

14. Ogilvy*
WPP

3. PwC Digital Services
PwC

\$6.7B

\$1.7B

15. Advantage Marketing Partners
Advantage Solutions

4. IBM iX*
IBM Corp.

\$5.6B

\$1.7B

16. Publicis Worldwide*
Publicis

5. BlueFocus (China)
BlueFocus Communication Group

\$3.6B

\$1.7B

17. Epsilon*
Publicis

6. McCann Worldgroup*
Interpublic

\$2.8B

\$1.7B

18. Hakuhodo*
Hakuhodo DY Holdings

7. Wunderman Thompson*
WPP

\$2.6B

\$1.6B

19. Havas Creative Group*
Vivendi

8. Dentsu Aegis Network*
Dentsu

\$2.6B

\$1.6B

20. Omnicom Precision Marketing Group*
Omnicom

9. Dentsu Japan Network*
Dentsu

\$2.4B

\$1.4B

21. Quad
Quad

10. Publicis Sapient*
Publicis

\$2.1B

\$1.3B

22. RRD Marketing Solutions
R.R. Donnelley

11. TBWA Worldwide*
Omnicom

\$2.1B

\$1.2B

23. Omnicom Health Group*
Omnicom

12. DDB Worldwide Communications Group*
Omnicom

\$1.9B

\$1.1B

24. Leo Burnett Worldwide*
Publicis

Consolidated networks:

Networks' key holdings: AdAge.com/agencyreport2020.

Asterisk indicates Ad Age Datacenter estimate. Numbers rounded. Media agencies not included in network revenue for this ranking.

Accenture Interactive: Revenue. **BlueFocus (China):** Company's China holdings.

Dentsu Aegis Network, Dentsu Japan Network: Estimated revenue less cost of sales.

Epsilon: Estimated net revenue excluding portion of business that moved to Arc and Publicis Hawkeye. Publicis Groupe in July 2019 bought Epsilon. **Leo Burnett Worldwide:** Including Arc.

Publicis Sapient: Including consulting practice. **Quad:** Net sales from catalogs, direct marketing and agency solutions.

Rankings exclude Cognizant; company declined to provide information for report.

AGENCY COMPANIES

By 2019 worldwide revenue.

Subscribe to Ad Age Datacenter to access exclusive database of these 25 companies.

AdAge.com/agencyfamilytrees2020

Rank	Company, headquarters	Worldwide revenue 2019
1	WPP London	\$16.9B
2	Omnicom Group New York	15.0B
3	Publicis Groupe Paris	12.3B
4	Accenture's Accenture Interactive New York	\$10.3B
5	Interpublic Group of Cos. New York	10.2B
6	Dentsu Group* Tokyo	9.6B
7	Deloitte's Deloitte Digital New York	7.9B
8	PwC's PwC Digital Services New York	6.7B
9	IBM Corp.'s IBM iX* Armonk, N.Y.	5.6B
10	BlueFocus Communication Group Beijing	4.1B
11	Hakuhodo DY Holdings* Tokyo	3.0B
12	Cheil Worldwide Seoul, South Korea	2.9B
13	Vivendi's Havas Puteaux, France	2.7B
14	Advantage Solutions' Advantage Marketing Partners Irvine, Calif.	1.7B
15	MDC Partners New York	1.4B
16	QUAD Sussex, Wis.	1.4B
17	R.R. Donnelley's RRD Marketing Solutions Chicago	1.3B
18	INNOCEAN Worldwide Seoul, South Korea	1.1B
19	Freeman Dallas	1.1B
20	DJE Holdings* Chicago	965M
21	mc Group (media consulta) Berlin	719M
22	Serviceplan Gruppe Munich	691M
23	The Stagwell Group Washington	627M
24	EPAM Systems' EPAM Continuum* Boston	527M
25	LAGARDERE SPORTS London	526M
Top 25		\$119B

Source: Ad Age Datacenter (Ad Age Agency Report 2020). Expanded rankings: AdAge.com/agencyreport2020.
Methodology: AdAge.com/aboutagencyreport2020. Agency Companies database: AdAge.com/agencyfamilytrees2020.

Revenue supplied by companies via Ad Age questionnaire, obtained from public documents or estimated by Ad Age.
Revenue and rankings for 2019 based on data collected and/or adjusted in 2020. Numbers rounded.
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Agency companies:

Asterisk indicates Ad Age Datacenter estimate.

BlueFocus: Gross operating revenue. **Cheil:** Operating revenue. **Accenture Interactive, Dentsu, Hakuhodo DY, Lagardere Sports, MDC Partners, Omnicom, Publicis, Vivendi's Havas, WPP:** Revenue. **DJE Holdings:** Owns Edelman and Zeno Group. **EPAM:** Estimated revenue related to digital engagement practice (strategy and experience, digital marketing, mobility, commerce). **Freeman:** Experiential/event marketing revenue. **Innocean:** Net sales. **Interpublic:** Total revenue. **Quad:** Net sales from catalogs, direct marketing and agency solutions. **WPP:** Continuing operations (excludes Kantar). Rankings exclude Cognizant; company declined to provide information for report.

ALL DISCIPLINES

Ranking of agencies from all disciplines by 2019 U.S. revenue for 250 largest agencies. Dollars in millions. Alphabetical listing with revenue and fast facts for more than 500 agencies from all disciplines available online to Ad Age Datacenter subscribers. AdAge.com/agencyreport2020

ABOUT AD AGE AGENCY REPORT 2020

Ad Age Datacenter produced the 76th annual Ad Age Agency Report.

The complete Ad Age Agency Report 2020 was published online May 11, 2020, at AdAge.com/agencyreport2020. An executive summary of Ad Age Agency Report 2020 appears in this print edition.

Go online to see the ranking of the 250 largest agencies from all disciplines.

AdAge.com/aboutagencyreport2020
Datacenter@adage.com

Information for Agency Report 2020 came from questionnaires submitted by agencies and from analysis and estimates by Ad Age Datacenter.

The ranking of the world's 25 biggest agency companies is based on revenue. Agency and network rankings generally are modeled on reported or estimated net revenue (revenue less pass-through costs).

Ad Age Datacenter calculated revenue figures for major agency companies based on U.S. and international accounting rules (Accounting Standards Codification Topic 606 and International Financial Reporting Standards' IFRS 15).

These rules affect how companies account for so-called pass-through costs (third-party vendor costs, production costs, media costs and out-of-pocket expenses that are charged directly to clients).

Four of the biggest agency companies disclose both revenue and net revenue. Those four—WPP, Publicis Groupe, Interpublic Group of Cos. and Dentsu Group—emphasize net revenue (or a similar term for net revenue) as a measure of performance. Omnicom, the second-largest agency company, discloses only revenue.

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Rank	Agency, company	Headquarters	2019 U.S. revenue
1	Accenture Interactive [Accenture]	New York	\$4,348.70
2	Deloitte Digital [Deloitte]	New York	4,102.00
3	PwC Digital Services [PWC]	New York	3,032.00
4	IBM iX* [IBM Corp.]	Armonk, N.Y.	1,958.30
5	Epsilon* [Publicis]	Irving, Texas	1,600.10
6	Publicis Sapient* [Publicis]	Boston	1,375.20
7	RRD Marketing Solutions [R.R. Donnelley]	Chicago	1,280.60
8	Advantage Marketing Partners [Advantage Solutions]	Irvine, Calif.	1,244.00
9	Wunderman Thompson* [WPP]	New York	1,069.70
10	Freeman	Dallas	879.7
11	Merkle* [Dentsu]	Columbia, Md.	844.2
12	BBDO Worldwide* [Omnicom]	New York	691
13	Acxiom* [Interpublic]	Conway, Ark.	677
14	Publicis Health* [Publicis]	New York	573.2
15	McCann* [Interpublic]	New York	568.4
16	Ogilvy* [WPP]	New York	555
17	Edelman [DJD Holdings]	Chicago	554.1
18	RAPP* [Omnicom]	New York	543.4
19	Spark Foundry* [Publicis]	New York	477
20	Horizon Media*	New York	444
21	Weber Shandwick* [Interpublic]	New York	439.2
22	Publicis Worldwide* [Publicis]	Paris	435.3
23	Digitas* [Publicis]	Boston	426.2
24	Mindshare* [WPP]	London	404.6
25	FCB* [Interpublic]	New York	394.7
26	TBWA Worldwide* [Omnicom]	New York	382
27	VMLY&R* [WPP]	Kansas City, Mo.	379.8
28	Starcom* [Publicis]	Chicago	379.4
29	Havas Creative* [Vivendi]	New York	378
30	FleishmanHillard* [Omnicom]	St. Louis	372.9

Datacenter

AD AGE AGENCY REPORT 2020

2019 was the weakest year for agency growth since the Great Recession. And now the bad news: 2020

By Bradley Johnson

If and when.

John Wren's ominous April memo to Omnicom Group employees warning of "furloughs and staff reductions across many of our agencies" pre-saged a dark period for advertising.

"Where possible," Omnicom's CEO wrote, "our agencies will use furloughs rather than permanent reductions, so we can bring people back if, and when, conditions improve and client demand recovers."

Fallout from the COVID-19 pandemic pushed the economy—and agencies—into a deep downturn. History suggests agency employment won't hit bottom until months or even years after a recession ends (see p. 7).

John Rogers, WPP's newly appointed chief financial officer, offered a stark view on an April investor call.

"We don't know the impact and the longevity of COVID-19, but what we have done is developed a range of possible economic scenarios with different levels of net sales progression and decline," Rogers said. "And we've got detailed plans against each one of those scenarios to take cost out accordingly as well as very good early indicators in the business to inform us to what we would need to accelerate taking those costs out."

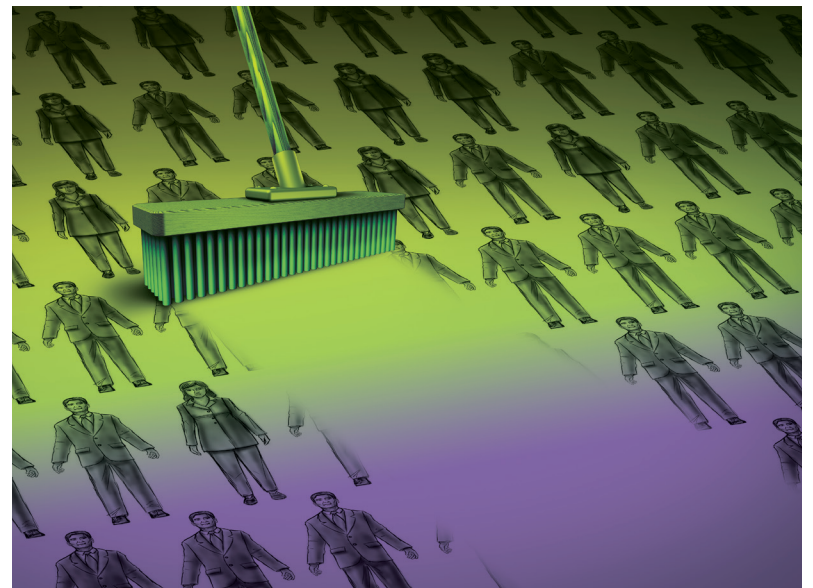
The biggest expense? Labor. Staff costs in 2019 were equal to 65.4 percent of WPP's revenue less pass-through costs.

So 2020 is going to be rough. Ad Age's Agency Report, which ranks agencies based on results from 2019, serves as the before—before COVID and recession.

And even before the pandemic hit, big changes were afoot. Accenture Interactive, which in 2019 bought creative standout Droga5 (Ad Age's newly crowned Agency of the Decade), displaced Interpublic Group of Cos. as the world's fourth-largest agency company. Consulting rivals Deloitte Digital, PwC Digital Services and IBM iX are all in the top 10.

For the agency business, last year now looks blissfully mediocre compared to the current depressing state. Overall U.S. agency revenue rose a tepid 1.2 percent in 2019, the weakest growth since the Great Recession. (For reference, U.S. agency revenue tumbled 7.5 percent in 2009, the sharpest drop since Ad Age published the first Agency Report in 1945.)

The agency revenue growth rate is based on Ad Age Datacenter's bottom-up analysis of organic growth for



major agency companies and stated or estimated pro forma growth for other agencies in Ad Age Agency Report 2020. Organic growth strips out acquisitions, divestitures and the effects of exchange rates.

Total 2019 U.S. revenue for the more than 400 agencies and agency networks tracked in this Agency Report came to \$55.2 billion.

Key takeaways from the report:

Digital revenue for agencies from all disciplines increased 3.4 percent, the slowest growth since 2009.

Digital work accounted for 54 percent of 2019 U.S. revenue for agencies from all disciplines in this Agency Report, according to Ad Age Datacenter's analysis. That's double the percentage of a decade ago, but digital's share growth last year—up 0.4 percentage points from 53.6 percent in 2018—was the smallest gain since Ad Age began tracking digital's share of agency revenue in 2009. As the digital market matures and evolves, agencies no longer can bank on strong digital growth to counter slippage in non-digital work.

Among the world's Big Five legacy agency companies (WPP, Omnicom, Publicis, Interpublic, Dentsu), only one—Dentsu Group—now discloses in its earnings presentations how much of its business comes from digital services. The company says digital accounted for 47.5 percent of worldwide revenue less cost of sales in 2019. It says digital accounted for 59.9 percent of business in 2019 for Dentsu Aegis Network, which manages operations outside Japan.

U.S. health care revenue for agencies grew a robust 7.3 percent, the biggest gain of any discipline. Omnicom, which operates the largest U.S. health care marketing network, reported 9.5 percent worldwide organic growth in 2019 from health care, the highest growth at Omnicom for any discipline.

Revenue for U.S. ad agencies rose 1.4 percent, slow growth in 2019 (but an improvement from 2018's paltry 0.4 percent growth).

Revenue for media agencies, excluding digital work, fell 2.6 percent, which reflects a weaker market for traditional advertising.

Revenue at public relations agencies grew 1.5 percent, while agency revenue in customer relationship management/direct marketing slipped 1.2 percent.

Promotion agency revenue edged up 0.9 percent. Experiential/event marketing, a subset of promotion, increased 1.1 percent. (Experiential this year has been decimated by COVID cancellations of conventions, auto shows and the like, making 2020 uneventfully bad.)

Publicis Groupe last July plunked down \$4.45 billion for data play Epsilon, the industry's biggest deal since 2013. But agency holding companies have figured out that bigger isn't always better, and they are working to streamline organizational structures and prune their vast portfolios.

WPP's annual SEC regulatory report for 2019, filed late last month, included an unaccustomed statement from a holding company bolted together by decades of deals: "There were no material acquisitions completed in the year."

WPP in December sold a majority stake in Kantar, its market research business, to Bain Capital.

During the year, WPP offloaded 22 "non-core businesses"—including its namesake original business, basket and household products manufacturer Wire and Plastic Products.

Omnicom is taking a hard look at underperformers. Wren in April told analysts the company "will continue to evaluate our portfolio of agencies to identify businesses that are non-core or underperforming for potential realignment or disposition." AA