

Shops Aim Higher To Hit the Mark

Competition remained fierce in 2006 as media agencies grew at a quicker clip

The bar was raised for media agencies in 2006. A key metric in these Media Agency Report Cards, revenue growth, stood at an average of 13 percent across the 14 shops graded in this special section—two percentage points higher than the same 14 agencies tallied in 2005.

That means that an agency that managed a 13 percent revenue gain, all other things being equal, would earn a C in the Numbers section of its card. Then we take into account other factors that may impact the Numbers grade, such as revenue-per-employee figures (which are a good indicator of efficiency) and actual dollar-figure revenue gains or losses (which adds some perspective, where agency size is concerned, that the percentage figure does not). By contrast, a 13 percent gain in 2005 would likely have gotten you closer to a B for Numbers—again depending on those other factors. (Keep in mind, too, that the cards grade U.S. performance only.)

In general, media agencies found it more difficult in 2006 than in 2005 to turn in better-than-average revenue-growth performance. Just half of the 14 shops graded here were able to do so, compared to nine who turned the trick in 2005.

Aegis Group's Carat achieved the highest percentage revenue growth with a gain of 23%, although its Numbers grade slipped due to its poor revenue-per-employee figure of \$172,000. The average revenue per employee across the 14 shops was \$359,000, down 5 percent from last year's average of \$376,000. Publicis Groupe's Optimedia registered the highest revenue per employee, at \$616,000.

—STEVE McCLELLAN, MEDIA EDITOR

CARAT

NUMBERS **B+** Billings up 7% to \$7.1 billion; revenue up 23% to \$240 million. (Billings restated from '05 to reflect more accurate figures.) Won Boehringer Ingelheim (\$140 million), Gap (\$100 million), Coldwater Creek (\$80 million), Reebok (\$50 million), TracFone (\$30 million), California Tourism (\$8 million), Ameriprise (\$7 million). Lost Pfizer Consumer Healthcare (\$250 million), CBS (\$130 million), Amp'd Mobile (\$50 million), Gateway (\$40 million), Kodak (\$40 million). Pfizer loss in December; after sale to J&J, will impact '07 revenue. Best revenue percentage growth, but worst revenue-to-staff ratio, off median revenue base, prevents A grade.

PLANNING **A-** Established Vizeum in July as second agency brand in U.S., specializing in strategic planning; appointed Aegis veteran Jamie Edwards to run it as chief client officer. Edwards helped launch Vizeum in Europe four years ago. In August, shop pitched \$1.1 billion Fox media account (winning \$350 million non-U.S. portion). First AOR award in U.S. came with Foster Wines (\$15 million) in November.

BUYING **A-** Teamed with Philips Electronics on several innovative media buys, including sole sponsorship of *NBC Nightly News* in December. Over 4,000 e-mails flowed into NBC afterward to comment, all but a handful positive. Philips executed sole-sponsorship deal with *Gourmet* in July and a campaign on ESPN.com and WSJ.com from September to December that let non-subscribers access sites in exchange for watching an ad. In March, created "viral stunt" to generate on- and offline buzz for launch of Electronic Arts' new *Godfather* video game, distributing 30,000 oranges (symbol of death and rebirth in *Godfather* movies) in N.Y., Chicago, S.F. with stickers directing people to microsite.

MANAGEMENT **A-** Carat Americas CEO David Verklin, Carat USA president Ray Warren led shop into some of industry's biggest media pitches, including Wal-Mart (\$570 million), which agency won in December, then lost in much-publicized "do-over" review. Carat also focused on driving growth from diversified services, such as viral and sports marketing, out-of-home, ROI analytics. Industry-leading 38% of billings were placed against such services in '06, helping to drive 23% revenue growth.

COMMENTS Roller-coaster ride so far in '07. Wal-Mart was a big frustration, but two clients that considered leaving opted this month to stay: Philips (\$600 million), Revlon (\$120 million). Shop remains on radar of top-tier marketers: It's currently contending for Sears/Kmart (\$740 million).

A-

HORIZON

NUMBERS **C-** Billings up 16% to \$1.6 billion; revenue up 14% to \$83 million. Won Amp'd Mobile (\$60 million), Delta Air Lines (\$40 million), Orlando Convention & Visitors Bureau (\$30 million), Southern California Honda dealers (\$30 million), Telemundo (\$25 million). Lost Ikea (\$60 million). Organic growth led by Geico (spending up 20% to \$565 million), Harrah's (up 15% to \$160 million), Jack in the Box (up 15% to \$130 million), A&E (up 100% to \$54 million). Smallest revenue base of all 14 shops (actual gain was just \$10 million) brings down grade.

PLANNING **B+** Under direction of channel insights svp Eric Blankfein, agency in January created new planning tool, the Communications Channel Relevance Index, to measure engagement across 70 traditional and alternative media. So far, about one-third of the shop's clients have used the index, which tabulates the results of surveys with thousands of consumers to assess usage and importance of media channels with regard to product-purchase decisions.

BUYING **B** Led by vp and brand group director Kimberly Aiello, agency developed several innovative media applications for client Geico, including a branded-content deal inked with CBS in November to feature the Geico caveman playing a round of golf with CBS Sports analyst Phil Simms during a Super Bowl XLI pregame segment. In December, shop struck a deal with Port Authority of New York and New Jersey to put advertising on George Washington Bridge for first time, also for Geico. High marks for creativity, but New York Gov. Eliot Spitzer killed the project in January '07 to keep landmark free of ads.

MANAGEMENT **B** After two years of 25%-plus revenue gains, the independent shop, run by founder and CEO Bill Koenigsberg, saw growth slow a bit in 2006. Digital billings grew by 150% to almost \$100 million, and agency now handles digital chores for about one-third of its clients. Organic growth averaged 9%. Shop also took steps to expand overseas as charter member of Columbus Media International, formed in July by a group of independents that help service each other's clients in 40 markets around the globe.

COMMENTS The 18-year-old agency is largest independent and has chance to pass \$2 billion in billings: It's a finalist for Sears/Kmart (\$740 million). Won the Helzberg Diamonds media account (\$20 million) in March and this month was selected to handle strategic planning for buying client Amp'd Mobile (\$60 million).

B-

INITIATIVE

NUMBERS **C-** Billings up 2% to \$8.2 billion; revenue up 5% to \$236 million. Won Lionsgate (\$150 million), CBS/Showtime (\$130 million), Gateway (\$40 million), Hitachi (\$30 million), Goody's (\$10 million). Lost Macy's (Southeast region, \$50 million). Organic growth led by adding planning assignments on three buying-only accounts: Big Lots (\$100 million), Burlington Coat Factory (\$65 million), ConocoPhillips (\$20 million). About 80% of September '05 Bank of America loss (\$480 million) felt in '06.

PLANNING **A-** In November, agency's entertainment and innovations division, run by Alan Cohen, created unique campaign for Lionsgate's *Saw III* DVD release. It featured first-ever use of a 24-hour mobile TV channel dedicated to the film franchise (Saw TV), with extended trailers, outtakes, cast interviews. The channel, seen on MobiTV, and additional *Saw*-related content created by Comedy Time, was distributed to numerous broadband sites. The innovative mobile-content applications contributed to *Saw III*'s No. 1 ranking in sales and rentals the week it debuted.

BUYING **A-** In September, shop promoted Tim Spengler to chief activation officer in charge of all buying activities in a bid to better coordinate across all media platforms. In August, agency executed unique buy to promote new season of Showtime's series *Weeds* about a pot-growing suburbanite. The buy placed scratch 'n' sniff ads in *Rolling Stone* and satire newspaper *The Onion* that smelled like marijuana and helped generate big ratings and PR buzz for the client and its show.

MANAGEMENT **B-** Worldwide CEO Alec Gerster took major steps to beef up planning competency by hiring Richard Beaven, the former planner on Media-Vest's Procter & Gamble account, in April as North American CEO. In August, Beaven brought in another seasoned planner, Rob Fitzgerald, who previously headed the shop's Japan operation, to run Initiative's East Coast activities and to hone communications planning practice. The payoff: added planning assignments from new and existing clients.

COMMENTS After two lackluster years, Initiative started winning big accounts (\$100 million-plus) again in '06. The momentum has continued into '07 with the Bayer planning win (\$200 million) in February. Story to unfold in '07: whether parent Interpublic Group's decision in October to align Initiative with sister creative shop DraftFCB was the right move.

B

MEDIACOM

NUMBERS **D-** Billings down 2% to \$5.9 billion; revenue flat at \$198 million. (Numbers restated from '05 to reflect more accurate figures.) Lost Kmart (\$200 million), Danone (\$75 million). Organic growth from Eli Lilly (spending up 120% to \$185 million) and LVMH (up 35% to \$205 million). Also gained planning assignments from existing clients Audi, Donna Karan, Fendi, Grand Marnier.

PLANNING **B-** To generate buzz for Nokia's new open-source Internet tablet PDA (Nokia 770), agency team led by Anne Liss, svp and group account director, headed into virtual reality with a Second Life campaign in which avatars were invited to a virtual launch party co-sponsored by *Popular Science's* PopSci.com. Attendees received virtual 770s in gift bags. Virtual street teams also roamed throughout Second Life, giving product demos. After overhaul of strategic planning process (called Architecture) in September '05, agency reeled in several new planning assignments.

BUYING **C+** Bret Itskowitch, svp of strategic integration and entertainment, led team that created branded content for Audi's new Q7 model in June. Biggest deal was partnership with small vacation/resort cable channel Plum TV and *Travel + Leisure* to create a series of features on what do in places like Nantucket, Martha's Vineyard and the Hamptons. Content was also featured on Audi's Web site. In August, CEO Dene Callas hired John Miles as director of investments, becoming one of the first agencies to appoint an executive to oversee all buying groups to foster communication and more effective buying strategies across all platforms.

MANAGEMENT **C-** MediaCom's first full year under the GroupM umbrella (having been acquired by WPP Group in March 2005) looked promising, as the shop gained access to an array of holding-company resources. Instead, it was a disappointing year for CEO Callas and her team, with no significant wins and two key losses—a sharp contrast with '05, when new business totaled \$650 million. Retained ConAgra account (\$175 million) in December in a review but lost irreplaceable chairman Jon Mandel, a 30-year-plus vet of Grey/Media-Com, who left in August to join *Adweek* parent Nielsen Co. in November.

COMMENTS Agency is off to a better start in '07, teaming with sister creative shop Grey to win Abbott Labs' corporate account (\$20 million) in March and successfully defending Staples (\$130 million) in April.

C-

MEDIAEDGE-CIA

NUMBERS **B-** Billings, revenue up 15% to \$7.8 billion and \$305 million. Won DreamWorks SKG (\$270 million), TD Ameritrade (\$100 million), Ikea (\$80 million), Coach (\$15 million). Organic growth from Campbell Soup (spending up 24% to \$425 million), Yum Brands (up 4% to \$750 million), Colgate Palmolive (up 10% to \$125 million). No losses.

PLANNING **A** Acquired retail marketing company Retail Media Link in March, then launched MEC Retail to develop greater understanding of retail environment as communication channel. David Sommer, CEO of acquired company, agreed to stay on and run MEC Retail. In September, agency launched MEC Bravo to bring communications planning, ROI analytics, other key planning tools to U.S. Hispanic market. In partnership with analytics company Millward Brown and sister media shops MindShare and Mediacom (all WPP Group units), shop created Connections in June, which measures and compares effectiveness of each media channel used by a client in integrated, cross-platform campaigns.

BUYING **A** MEC's Rino Scanzoni, chief investment officer (promoted to chairman in March '07), and Lyle Schwartz, director of research and marketplace analysis, were among those pushing hardest last spring for switch to commercial ratings, which will represent the first substantive change in the currency used to buy and sell TV ads in 20 years. And it will provide clients with a better read on who is watching the spots, something they've desired for almost as long.

MANAGEMENT **A-** MEC achieved double-digit growth for fifth consecutive year in U.S. Worldwide and North American CEO Charles Courtier and his team last year continued to expand its diversified offerings menu, and the investments paid off handsomely: Collectively, the revenue from those offerings grew by 38% over the previous year, to approximately \$100 million.

COMMENTS Shop's strategic outlook, new offerings, strong organic and new-business growth earned it *Adweek's* 2006 Global Media Agency of the Year award. Agency is off to strong start in '07, too, bagging Macy's (\$200 million) in January and Energizer Holdings (\$130 million) in February. Now it's up to chairman Scanzoni and Lee Doyle, who took over Courtier's North American CEO duties in March, to keep the momentum going.

A-

MEDIAVEST

NUMBERS **C+**
Billings up 7% to \$8.9 billion; revenue up 12% to \$352 million. Won Comcast (\$100 million), E! Networks (\$20 million), Public Storage (\$15 million), EDS (\$10 million). Organic growth led by Avon (spending up 130% to \$80 million), Mattel (up 5% to \$195 million), Heineken (up 25% to \$130 million). Full impact of October '05 GM buying win (shared with Starcom, each awarded \$675 million) not realized until '06. No losses. Second-best staff-to-revenue ratio lifts grade.

PLANNING **A-**
Hired Greg Warren from i4design in April as evp to oversee new shopper marketing practice, provide insights into how customers navigate retail environment. Unveiled new engagement metric in May called Viewer Connection Index, which ranks broadcast and cable TV networks on levels of ad clutter, length of ad pods, number of elements within pods. Shop used metric in upfront to help assess value of individual networks. In October, developed so-called Captivation Prediction Index to forecast intensity with which viewers watch programs. Index assesses qualitative metrics such as a program's relevancy, viewers' purposes for watching, viewing patterns. Index is designed to more precisely value programs beyond ratings.

BUYING **A-**
In July, Donna Speciale, president of investment and activation, struck several unconventional upfront deals with cable, broadcast networks that reduced commercial loads and presented branded content and traditional 30-second spots in new ways. Shop put clients Coke, P&G, Capital One in a handful of TNT prime-time movies that ran with roughly 50% less commercial time than normal. Also was first agency to strike a deal with CW network to create "content wraps," including segments for P&G's Herbal Essences that aired in *America's Next Top Model*. The two-minute segments, running in stand-alone commercial pods, retained nearly 100% of key demo, women 18-34.

MANAGEMENT **B+**
Under CEO Laura Desmond, promoted in October to CEO of Starcom MediaVest Group/Americas, shop was industry leader in devising new TV ad models to keep viewers tuned in. Like other shops, Desmond also focused on putting digital at core of agency's offering.

COMMENTS
In five years at the Publicis Groupe shop, Desmond turned MediaVest from also-ran to major player. Big start in January '07 with wins of Wal-Mart (\$570 million) and Wendy's (\$400 million). Pressure will be on client services/operations president Bill Tucker, expected to be named CEO, to keep momentum going.

B+

MINDSHARE

NUMBERS **C+**
Billings up 10% to \$11.2 billion; revenue up 11% to \$295 million. Won Sprint Nextel (\$700 million), Wrigley (\$200 million), Kmart (\$200 million), Six Flags (\$75 million), Kodak (\$40 million). Lost Delta (\$30 million), TD Ameritrade (\$40 million). Organic growth led by Unilever (spending up 9% to \$790 million), Burger King (up 3% to \$285 million). Revenue for several wins not fully realized in '06. Growth is off a large base, pulling up grade.

PLANNING **A**
Wrigley cited the shop's communications planning offering as key factor in handing its account to the agency in February. In October, strategic planning president Ernie Simon expanded that offering, naming Malcolm Russell director of its newly formed Communications Planning Group. By the end of last year, one-third of the agency's clients were utilizing some form of communications planning, making it a key driver of revenue growth.

BUYING **A**
CEO Mark Goldstein created new digital division, MindShare Interaction, in January, appointing Margaret Clerkin in March as managing director to run it. Agency's digital revenue was up 50% in 2006, in part due to winning new accounts like Sprint Nextel in January. In August, shop implemented for Unilever one of the client's biggest nontraditional campaigns ever—a \$30 million effort that included 3-D displays in bars, cinema ads and a profile on MySpace.com for the U.S. debut of Sunsilk.

MANAGEMENT **A-**
After losing Gillette business (\$560 million) in November 2005, the WPP Group shop came roaring back in '06 with \$1.2 billion in new business, the most of any U.S. shop. Part of its success in '06 was credited to CEO Goldstein's tight focus on expanding digital and strategic planning offerings while generally stewarding the agency toward a more media-neutral, consumer-centric orientation.

COMMENTS
Its new-business record, double-digit revenue growth and expansion of its digital and planning offerings earned MindShare honors as *Adweek's* U.S. Media Agency of the Year for 2006. This year began less auspiciously with the January departure of Fox media (\$750 million) to Publicis' ZenithOptimedia. In February, Goldstein, 58, was promoted to North American CEO of WPP media-agency management arm GroupM. He was replaced by Scott Neslund, who headed up the network's Chicago office. His immediate challenge: defending the Sears account (\$740 million, grouped with Kmart), which went into review last month.

A-

MPG

NUMBERS **C-**
Billings up 9% to \$3.1 billion; revenue up 10% to \$120 million. Won Boehringer-Ingelheim (\$115 million), Danone (\$75 million), ExxonMobil (\$70 million), Valspar Paints (\$40 million). Lost The Krystal Co. (\$10 million). Organic growth led by GlaxoSmith-Kline (spending up 23% to \$430 million); Vonage (up 60% to \$225 million); Hershey's (up 30% to \$130 million), AutoZone (up 40% to \$70 million).

PLANNING **A**
In January, North American CEO Charlie Rutman integrated strategic planning, econometric modeling practices into main MPG offering. Move helped drive organic growth while upgrading core service. Also in January, formed research units dubbed "centers of excellence" that enable client teams in broad categories (travel, food, etc.) to share learning and best practices.

BUYING **B+**
In August, under national broadcast head Bill McOwen, shop developed branded integration program for Royal Caribbean for launch of *Freedom of the Seas*, world's largest cruise ship. As well as traditional ads, components included features about the ship placed in NBC's *Today* and *Dateline* shows and on Discovery's Travel Channel (some content repurposed online). A contest winner (interviewed on *Today*) got free travel on ship for life. McOwen promoted to director of media investment in December to facilitate better communication among buying units.

MANAGEMENT **B-**
CEO Rutman in June hired Jody Sutter from OMD as svp of business development, helped improve new business and revenue performance versus '05 (both down 2%) and '04 (both down 10%). Cobbled together a handful of "singles" and "doubles" in win column, but avoided big losses like Volkswagen (\$400 million) in early '05. Strong organic growth from key clients.

COMMENTS
Rutman, now two years on the job, is steering MPG in right direction again. Big clients are taking notice: MPG is a finalist in the ongoing Sears/Kmart review (\$750 million). That said, Havas chairman Vincent Bolloré has made no secret of his desire to expand the company's media operations by way of an alliance with Carat parent Aegis Group, in which Bolloré has a 29% stake. He's tried (and failed) three times already to gain more influence at Aegis by getting two hand-picked reps elected to the Aegis board. He'll make a fourth attempt next month. How long before Havas-Aegis drama plays out is anybody's guess.

B

OMD

NUMBERS **A**
Billings up 6% to \$11.1 billion; revenue up 17% to \$503 million. Won H&R Block (\$120 million), National Football League (\$100 million), XM Satellite Radio (\$60 million), Levitra (planning, \$55 million), CW Network (\$50 million), Principal Financial (\$35 million), FedEx Kinko's (\$25 million), United Technologies (\$20 million), Georgia Lottery (\$15 million). Lost Wrigley (\$200 million), DirecTV (\$120 million), ABC (\$100 million). Contributing to revenue gain: 9% organic growth from existing clients, 40% growth in digital. Fourth-largest revenue percentage growth, but translates into largest dollar gain at \$73 million, lifting grade.

PLANNING **B+**
In December, team led by Sandy Eubank, director of communication insights and research, launched a new channel planning tool called Media Palette CP 2.0. Based on proprietary research, tool evaluates effectiveness of 26 different media touch points. In February, shop launched a test with 14 clients who earmarked combined \$20 million in spending to gauge effectiveness of new media platforms, including DVRs and interactive TV. (This year will conduct similar tests in mobile and gaming.)

BUYING **A-**
Debbie Richman, director of national investments, in May cut an early multinet, multiplatform upfront deal (estimated at \$300 million) with MTV Networks, giving 30 clients first crack at ad opportunities across array of TV and digital properties for 2006-07. Also in May, collaborated with sister shop BBDO on new campaign for GE to engage TiVo viewers with "One Second Theater." DVR viewers could slow-mo through 1-second spots contained within :30s. Nearly 10% of TiVo users viewed the spots, spending an average of almost 2 minutes interacting with them.

MANAGEMENT **A-**
Like '05, when it lost Cingular in February, OMD had to navigate through a rough first quarter in '06, losing three big accounts—ABC, Wrigley, DirecTV (combined \$420 million). After that, the Omnicom Group shop, led by CEO Page Thompson, settled down and drove revenue gains with a bunch of new accounts, organic growth and major push in digital. High marks for groundbreaking research, innovative executions.

COMMENTS
Shop lost well-regarded worldwide CEO Joe Uva to Univision in March. Omnicom Media Group CEO Daryl Simm has assumed that post, in addition to current duties.

A-

OPTIMEDIA

NUMBERS **B-**
Billings up 15% to \$2.6 billion; revenue up 21% to \$151 million. (Billings restated from '05 to reflect more accurate figures.) Won Hewlett-Packard (digital planning, \$110 million), Maytag (\$85 million), Citizen Watches (\$15 million), Dreyer's (\$12 million). Lost New York Life and Principal Financial (\$35 million each). Organic growth led by T-Mobile (spending up 14% to \$600 million), Whirlpool (up 3% to \$560 million). Third-best percentage revenue gain of all 14 shops, but off fourth-smallest base, bringing down grade.

PLANNING **A-**
Publicis Groupe agency unveiled a repositioning in November that puts strategic planning at core of its offering, move made in part to differentiate it from larger sibling Zenith Media. President Antony Young brought in Chris Pyne as director of communications planning in October. Pyne previously led planning for Procter & Gamble in shop's U.K. office.

BUYING **B+**
In October, Young combined the agency's national broadcast, interactive and emerging-media departments into a new buying unit called NewCast, headed by evp Larry Novestern, who joined shop in January as evp of national electronic media (from Deutsch, where he had been svp, director of national broadcast). Also in October, agency created a multimedia campaign for T-Mobile's new "My Faves" offering that put wireless company in the Super Bowl for the first time, as well as on a 56,000-square-foot billboard in Las Vegas (with NBA star Dwyane Wade) and in Mark Burnett's online reality show *Gold Rush*. Client credited the campaign with boosting sales.

MANAGEMENT **A-**
In July, ZenithOptimedia North American CEO Tim Jones brought Young, 42, over from the U.K. (where he had run the ZO office for three years) as president of Optimedia to refocus the shop after the June retirement of 40-year ad veteran Mike Drexler. The upshot was the development of a core planning offering called OPEN (which refers to "opening up the consumer") and a new slogan, "Never settle, never stop." Organic growth in '06 was 15% across the agency, as key clients including Nestlé and Whirlpool gave the shop additional planning and digital assignments. Digital revenue tripled, and digital billings represent 23% (\$600 million) of total.

COMMENTS
After a strong 2006 and a vote of confidence from existing clients, the question this year is whether Young and his team can convince big new clients to buy into the refocused strategic-planning approach.

B+

PHD

NUMBERS **C-**
Billings up 7% to \$5.8 billion; revenue up 8% to \$297 million. Won Safeway (\$250 million), HBO (\$85 million), Hormel (\$50 million), Tamiflu (\$30 million), Jennie-O (\$20 million), Unisys (\$15 million), Schiff Nutrition (\$15 million). Lost Reebok (\$40 million), Jim Beam (\$10 million). Organic growth led by Discovery Communications (spending up 25% to \$120 million), Gap (up 22% to \$130 million). Full impact of August Safeway win not felt until '07.

PLANNING **A**
Under Peter Mears, promoted to head of knowledge in April, agency unveiled framework in June for new communications planning process, ETNA (exploration, thought leader, neuro-planning, action planning). It includes a proprietary process that calculates how different media influence people to identify best channels and strategies for brands. Mears hired Ben Parker from Fallon in April as director of strategic planning.

BUYING **A**
In October, Jen Neal, who leads Discovery account, struck unprecedented deal with outdoor ad vendor Cemusa to bring HDTV, Bluetooth technology to client's outdoor ads in NYC locations. Client gets exclusive access to the enhanced outdoor venues through 2007. In October, John Swift, previously with OMD, named to new post of managing director in charge of all buying units. In November, national broadcast evp Harry Keeshan got Bissell vacuums integrated into episode of ABC's *Extreme Makeover: Home Edition*. Hits to Bissell's Web site soared eightfold.

MANAGEMENT **B**
Omnicom shop posted \$450 million-plus in new wins for second straight year. Safeway (\$250 million) in August particularly impressive, as shop lost two sibling creative partners—BBDO was cut, and Goodby withdrew before final presentations. PHD then pitched stand-alone media offering and prevailed. High marks for pumping up volume, video in NYC outdoor space with HD and Bluetooth.

COMMENTS
Question PHD faced after outstanding '05 was whether it could keep momentum going. Revenue growth slowed, from 15% in '05 to 8% in '06, but shop added lots of new business and \$22 million to the revenue line. Matt Seiler, 45, president of PHD USA, was rewarded for his efforts, promoted last month to North American CEO. He replaced Steve Grubbs, tapped by Omnicom to oversee expansion of Fuse Sports and Entertainment to North America as CEO. Won American Legacy Foundation (\$35 million) in March, lost Engerizer Battery buying (\$70 million) in February.

B+

MEDIA 2006 AGENCY REPORT CARDS

STARCOM

NUMBERS

B+

Billings up 12% to \$9.5 billion; revenue up 15% to \$425 million. Won Macy's (\$200 million), Best Buy (local planning and buying, \$50 million). Lost Sprint (\$750 million). Organic growth led by Walgreens (spending up 15% to \$200 million), Sara Lee (up 5% to \$190 million), Applebee's (up 5% to \$175 million), Hanes (up 5% to \$80 million). Sprint loss offset by revenue that kicked in from accounts won in '05: GM buying (shared with MediaVest, each awarded \$675 million), which took effect in October '05, and Washington Mutual (\$150 million) from December '05. Third best revenue-to-staff ratio, coming off second-biggest base, lifts grade.

PLANNING

A-

In April, Tracey Scheppach, vp and video innovation director, struck an agreement with Turner Broadcasting, Comcast, Microsoft to gauge consumer behavior and involvement with emerging media such as VOD and broadband video. Agreement gave shop and clients Hallmark, Luxottica, Miller exclusive access to findings. In November, Starcom became first agency to sign agreement with TNS Media Research to purchase second-by-second ratings data—critical to identifying audiences to specific commercials, and crucial to sharpening media plans going forward.

BUYING

A

In May, while industry was debating value of commercial minute ratings, Starcom was actually using them (via Nielsen's NPower database) to buy TV ads for undisclosed clients on three cable nets, including American Movie Classics, WE and The Weather Channel. In August, became first agency to reorganize buying process around a "chief activation officer" (Chris Boothe, previously evp, client director) in bid to better coordinate buying activities across all media.

MANAGEMENT

A-

Odds were against CEO John Muszynski topping exhilarating '05, punctuated by huge Gillette and GM wins (\$1 billion combined), and he didn't. But 10-year-old shop had a solid year across the board, including 15% revenue growth (matching '05). High marks for commercial ratings strategy and for being first of several shops to reorganize buying units under one executive. Beat the odds and successfully defended one of its biggest accounts, Miller Brewing (\$300 million), in May.

COMMENTS

Mixed results for this Publicis Groupe powerhouse so far in '07. Shop lost Macy's (\$200 million, won just last year) to Mediaedge:cia without a review in January, but won United Airlines (\$100 million) in March.

A-

UNIVERSAL McCANN

NUMBERS

D-

Billings down 8% to \$5.8 billion, and revenue flat at \$130 million. (Numbers restated from '05 to reflect more accurate figures.) Won Pfizer Consumer Healthcare (\$250 million), Nortel (\$10 million). Lost Maytag (\$95 million). Organic growth led by Sony (spending up 11% to \$1.1 billion), Verizon Wireless (up 15% to \$1.5 billion), Kohl's (up 8% to \$436 million). Bulk of billings decline result of General Motors (local buying, \$600 million) and Lowe's (\$315 million) losses, which occurred in fourth-quarter 2005, but impacted mostly in '06.

PLANNING

B+

The shop hired Margaret Lewis from Mediaedge:cia in October as evp, head of U.S. communications planning. By year's end, a half-dozen major clients had signed on for the offering, making it a key organic revenue-growth driver.

BUYING

B+

In January, the agency created a full-year integrated campaign for Tylenol's new Rapid Release tablets that spanned traditional (TV, radio, print and outdoor), nontraditional (online) and events such as Nascar races, all focused on the core idea of speed. UM says the campaign helped boost Tylenol's market by 16% for the year and surpassed client's consumer-trial goal for a new Tylenol product by 75%. In March, shop executed multimedia ad campaign surrounding the Oscars telecast on ABC for Sony's Bravia HDTV brand; it included 500 million online impressions, cable, VOD, podcasts and print. Client goal was to maintain leading market-share position among liquid-crystal display sets from February to April '06; the share grew 2 percent during the period, while key competitors fell back.

MANAGEMENT

C+

Worldwide CEO Nick Brien and U.S. president Mary Gerzema get credit for stopping the bleeding and retooling in 2006 after three tumultuous years of client defections. Now, growth is necessary. Clients spent more on diversified services, pushing organic growth to nearly 10%, including an 80% spurt in digital revenue. In October, UM realigned with McCann Worldgroup, but, importantly, retains a separate P&L.

COMMENTS

The UM turnaround is proceeding apace but remains a work in progress. Challenges loom. Front and center: defending its third-biggest account, Johnson & Johnson, which put its \$3.3 billion global media business into review this month.

C+

ZENITH MEDIA

NUMBERS

A-

Billings up 16% to \$6 billion; revenue up 19% to \$309 million. (Numbers restated to reflect more accurate figures, as well as acquisition of interactive shop Moxie.) Won Beam Spirits (\$20 million), Asmanex (\$13 million), Dreyer's (buying, \$12 million). No losses. Organic growth led by Verizon (spending up 10% to \$1.9 billion), Toyota (up 14% to \$950 million), AstraZeneca (up 22% to \$535 million). Acquisition of Moxie added \$350 million, or close to 40% of Zenith's new '06 billings.

PLANNING

B+

CEO Tim Jones expanded Publicis Groupe shop's digital practice appreciably with August acquisition of Atlanta-based Moxie. As a result, new capabilities include: search engine and e-mail marketing, signage, e-commerce, hosting and interactive kiosks. Moxie founder Kris Zagoria joined Zenith as director of expanded digital operation. In June, shop hired Rob Jayson from Initiative as svp of touch points planning; he was charged with helping account teams turn insights gained from channel planning tools into actionable plans for clients.

BUYING

B+

In September, Jones hired Ilia Leon, former vp and managing director at WPP's MosaicMD, to run new unit ZO Multicultural as director. Unit specializes in Hispanic and African American advertising and marketing. Shop's multicultural billings doubled in '06 on business from existing clients including AstraZeneca, JPMorgan Chase, L'Oréal, Nestlé and Richemont. Placed client Hewlett-Packard in a new MTV Networks program *Meet or Delete*, a sort of *Dating Game*-type show in which students check out one another's computer hard drives to determine compatibility. HP products featured in each show, combined with traditional 30-second TV spots and online ads.

MANAGEMENT

A-

About 80% of agency's growth in '06 came from existing clients and the Moxie acquisition. After two big years of new-business gains (Nestlé and HP in '04, Chase in '05, all \$400 million accounts), CEO Jones and COO Wendy Marquardt spent much of '06 planning for the future, including a major reorganization that was unveiled in February '07 in which agency-wide planning and buying departments were replaced with smaller client-centric units.

COMMENTS

After two years of 20%-plus revenue growth, Zenith is on a roll. Shop got off to a great start this year, too, with January win of Fox media account (\$750 million).

A-



Making the Grade in the Interactive Space

We dug deeper on a smaller number of agencies to find the success stories of 2006, and who to watch in 2007

We've become a little more selective this year, as we chose just 10 interactive agencies to grade, down from 18 last year, in order to expand our analysis of each. In looking at the interactive agency landscape, we wanted to grade not just the largest agencies, but the ones that are defining the sector with the work they do. More often than not, these are the agencies that will compete against one another on pitches. **Numbers:** In many cases, we are restating revenue numbers from 2005, to reflect more accurate figures, and dug deeper to come up with true revenue numbers for 2006. Then, with the help of *Adweek* financial columnist Alan Gottesman, we evaluate the agencies on revenue-to-staff ratio and revenue gains as compared with interactive-industry averages (this year's aggregate average was about 25 percent) before determining a composite rank in both categories. Grades were determined for all 10 agencies. We also consider the revenue base for each agency in determining the grade. Naturally, if a shop has a large percentage increase in revenue, but is starting from a small base, its grade may not be as high as a larger agency with a smaller percentage increase. Wins and losses in this category are for retainer-based clients, unless otherwise noted. **Creative:** Grades are based on design, ease of navigation, user experience and the overall power of the marketing idea. They take into account more than the work described in each shop's creative section; space limitations prevent us from going into greater detail. **Emerging Media:** A new category, which replaces the former "Technology." This is where the continuing evolution of interactive advertising is most notable. Building microsites and running banner campaigns are no longer enough; clients are asking their agencies to help them push into new areas. We reward agencies for the boldness and success in doing so. **Management:** We rate how well executives run their business, including revenue growth versus competitors, personnel moves to and from the company, and strategic initiatives. We also consider what management has done to stay a step or two ahead in an ever-shifting market. **The final grade:** We use a numeric formula to average the other four marks. —*The Editors*

AGENCY.COM

NUMBERS F
Revenue down 5 percent to \$88 million; 2005 revenue adjusted to reflect addition of TBWA-affiliated offices in Europe in 2006. In the U.S., agency was hit with 20 percent decline; UK fared much better. Wins: E-Trade, Del Monte, Choice Hotels, Combos. Losses: Audible, CNN, Maidenform.

CREATIVE C+
Agency.com favors usability over flashiness. Overall work is solid but not standout. Its British Airways "Go With Those Who Know" online campaign is short on breakthrough ideas but long on helpful information, like a London events calendar and interactive map of BA-aligned hotels for discounts. A more experiential site for British Telecom's Hi-Def Chamber fares better, gauging voice pitch to show off product benefits of BT VoIP services.

EMERGING MEDIA B-
Agency's focus on user-friendly design gives it a leg up on many peers by ability to take content wherever users are. One area of particular innovation: turning underused banner ad space into engagement tools that mimic mini-Web sites. Food Network ads for "Feasting on Asphalt" show with multimedia ad units that read user's computer clock to show tune-in prompts. Turned banner into financial-planning tool for E-Trade, bringing its Web site savings and investment calculators to users without requiring clicks to a separate site. Choice Hotels' banners let users inscribe "coins" for "digital wishing well."

MANAGEMENT D
In the words of CEO David Eastman, 2006 was "very much a time of transition." Nearly all top U.S. management—then-CEO Don Scales, heads of San Francisco and New York offices, and media chief—left agency as it aligned with TBWA and focused less on Web design projects. Eastman arrived in New York in September, focusing instead during the first six months of tenure on expansion in Europe and Asia to support TBWA. U.S. operation suffered, shrinking to represent less than half of agency's revenue, compared to 70 percent a year ago. Picked up Combos thanks to TBWA intro, but alignment has yet to pay off much.

COMMENTS
Change is difficult, and Agency.com is definitely in the midst of a shift. While some blame Scales for Agency.com's predicament, Eastman was not able to fix it quickly enough. TBWA is shifting him back to London, where he will return to his previous role of running the office there and lead Agency.com's further international development plans.

D+

AKQA

NUMBERS B+
Revenue up 42 percent to \$101 million. Wins: McDonald's, Smirnoff, Johnnie Walker, Target, Fiat, Comcast. Added project work for Dell, Microsoft Windows, Gucci Group, Sky Broadband. Expanded work for Coca-Cola. Losses: Integrated Palm Treo account to Y&R, SF, in a review. Best revenue percentage gain, but off small base, brings down grade.

CREATIVE B
Hipster-insider Sprite "Sublymonal" site ties to TV show *Lost* is intentionally bizarre, with an addictive viral puzzle using clues hidden in ambiguous video and audio. Xbox site for Gears of War videogame goes beyond sampling to allow users a real taste of gaming experience. Global Coke site mixes upbeat, exuberant graphics in a series of consumer video competitions, but navigation is awkward and site failed to grab strong viral interest.

EMERGING MEDIA B-
Fun holiday promotions for Coke offered personalized Christmas cards via mobile phones, while another let YouTube users create and submit video holiday greetings. YouTube commissioned six popular video bloggers to participate. Useful "Results for Real Life" campaign for online directory Yell.com used buses equipped with GPS tracking to display targeted ads for merchants, which changed as buses traveled into various neighborhoods. Palm's cutting-edge Treo campaign used interactive signs in big-city bus shelters that were activated by mobile phone text messages.

MANAGEMENT B+
CEO Tom Bedecarré's strategy of stockpiling international creatives and pursuing large global clients succeeded with big global wins from McDonald's, Smirnoff and Johnnie Walker. Opened an office in Shanghai ahead of the 2008 Olympic Games. Fledgling New York office grew from 30 to 50 staffers and launched Coke's global site in 40 countries (outpacing growth in other offices). Lost Kate Everett-Thorp, head of interactive advertising. Hired Dan Rosen as head of new division AKQA Mobile in February.

COMMENTS
Shop spurned ad holding companies to sell a majority stake to private equity firm General Atlantic in Feb. 2007, for estimated \$200 million-\$250 million. Set to open new office in Amsterdam in May. Equity deal puts shop in interesting position: unencumbered by having to work with sibling agencies and able to make acquisitions and win business without conflict worries.

B

AVENUE A/RAZORFISH

NUMBERS A
Revenue up 26 percent to \$268 million. 2005 revenue adjusted to account for acquisitions in United Kingdom, Australia, China and Germany. Key wins: Coors; added creative to media duties for Best Buy; analytics for Wal-Mart; Washington Mutual creative. Losses: none. Sixth-best percentage revenue gain, but off largest base, lifts grade.

CREATIVE C+
Top goal in 2006 was improving creative acumen to match analytics firepower. Redesign of NYTimes.com was early Web 2.0 makeover, making smart use of latest social media tools like blog links, comments and RSS feeds, while not sacrificing ease of use. Early Coors work with "Dirk Buckner's Taste the Cold" microsite uninspired use of Web animation and a rudimentary Flash advergame to the young male demo. Red Bull site, targeting same crowd, also fizzles. Standard Life video tutorial is smarter, livening up dry subject with witty characters.

EMERGING MEDIA C+
Another priority for the shop was the formation of the three-person emerging media group in November. An early success was a banner campaign for Levi's that uses broadband video in a novel way, making it appear a model is walking onto the page and looking through a mirror at the user. The executions smartly straddle line between eye-catching and intrusive. Biggest boost in new media channels may come from expansion abroad, where agency network is gaining experience in mobile campaigns for Ralph Lauren and Swiss sandwich maker Hilcona.

MANAGEMENT B
In his first full year as worldwide president, Clark Kokich oversaw an international expansion, which was rewarded by extending Weight Watchers and Starwood from U.S. to UK, while UK client Samsonite expanded to U.S. Added more than 100 staffers to creative ranks, but still has work to do to make agency synonymous with creativity and risk-taking in new media platforms.

COMMENTS
The marriage of metrics- and response-focused Avenue A and Web design rollup Razorfish has worked better than most imagined. The challenge for the agency will be making sure its disparate offerings do not lose out to more focused providers. Google's DoubleClick buy validates parent aQuantive's marriage of tech, agency and ad network divisions; often seen as model for digital marketing services company of the future.

B

CARAT FUSION

NUMBERS C-
Revenue up 20 percent to \$48 million. Wins: Reebok, New Line Cinema, Atom Entertainment, Therative, Ernst & Young, West Marine. Losses: Kodak, Gateway. Agency did not distinguish between project and retainer.

CREATIVE C+
Under new president Scott Sorokin (who started in business as a creative), work shows promise. Highlight is Adidas site, for which the shop showed ability to build interesting, easy navigation. Online scrapbook to celebrate "Pistol Pete" Maravich, with flipping pages, a fun way to get acquainted with "Pistol Pete" line. Adidas running site packs a lot of info into a simple, elegant navigation scheme. Game to promote Wachovia Championship more realistic than most online golf fare. Mitchum Man-O-Meter is standard frat-boy humor.

EMERGING MEDIA B+
Shop is clearly fluent in emerging media. An early adapter to MySpace, it created areas on the site for Adidas, Kodak and Motorola. For Alberto-Culver, it leveraged the TRESemme brand's sponsorship of *Project Runway 3* through podcasts, in addition to blogs and mobile. Agency also used gaming in 2006 for Schick, Progressive Direct, KIA and Wachovia, producing some of it in-house.

MANAGEMENT B-
Shop saw a fair number of key executives leave in 2006, which agency attributes to a change in strategy: under CEO Carat Americas David Verklin, Carat Fusion is aligned more with offline units than in the past. Strategy still evolving, and while new business slower than competitors, the year would have had a different complexion if shop had retained share of the \$570 million Wal-Mart business. It won it, and lost it, as bystander in the Julie Roehm scandal. Departees included Cory Treffiletti, svp, engagement architect, who left in March; Greg Smith, evp, media insights, planning and analysis, who left for Neo@Ogilvy in July; and Renny Gleeson, svp, managing director, who went to Wieden + Kennedy in November. Key hire is Sorokin, who joined in April from MRM Worldwide, replacing Toby Gabriner, who left in November 2005.

COMMENTS
Carat Fusion had a solid, but not blockbuster, year—it should focus on taking better advantage of the hot online advertising market. Best assets are its media and database savvy: Citadel, a proprietary "relational data warehouse" incorporates online and offline data to measure effectiveness, and the agency can leverage tools such as iSEBA, a search engine marketing optimization technology, used throughout Isobar, Carat's interactive holding company.

C+



DIGITAS

NUMBERS **B-**
Revenue up 26 percent to \$196 million. Wins: Procter & Gamble (named to interactive roster), General Motors (domestic AOR), Home Depot (interactive), Whirlpool (lead interactive agency), InterContinental Hotels Group (relationship marketing AOR). Losses: Ameriprise (shop still does project work), BestBuy, Federal Express. Fifth-best revenue gain, but coming off second-largest base, lifts grade.

CREATIVE **B-**
Work isn't always flashy, but generally delivers. American Express nine-day "Going Once" promotional effort—which used steadily declining prices as lure for consumers to buy travel packages—big, differentiating idea. IBM's Executive Interaction Channel, aimed at the C-suite, makes finding interesting content across a wide variety of topics simple, with minimal navigation. Pontiac site puts configurator front and center, and integrates all car pricing and customization information into one screen.

EMERGING MEDIA **B-**
Digitas launched one of YouTube's first, and most high profile, advertising programs: the YouTube Underground, sponsored by Cingular, a Web-based battle of the bands. For last year's AmEx sponsorship of the Tribeca Film Festival, agency let users employ cell phones and iTunes to distribute and subscribe to series of consumer-generated, 15-second films.

MANAGEMENT **B-**
Agency ended 2006 on better note than seemed possible in July, when negative headlines caused stock of holding company, Digitas, Inc., to tumble. As part of second-quarter earnings announcement, Digitas, Inc. CEO lowered company's forecast, in part because Digitas agency lost three accounts totalling \$10 million-\$15 million in revenue. CEO David Kenny and president Laura Lang moved swiftly, ousting Chicago managing director Barbara Mousigian (office lost two accounts). Digitas, Inc. let go 50 employees across its offices in third quarter. By year's end, Digitas was restaffing as new business and organic growth from clients led to rebound. Though GM cut spending, shop recouped some lost revenue by winning automaker's AOR business late in the year.

COMMENTS
Publicis Groupe's acquisition of holding company for \$1.3 billion in January is already paying off, with Publicis CEO Maurice Levy calling the Digitas agency the centerpiece of his holding company's digital buildout. Agency (along with traditional sister shops), won Oral-B in April, which P&G global marketing officer Jim Stengel says is "a pilot effort" of aligning brands with one agency group.

B-

MODEM MEDIA

NUMBERS **D**
Revenue up 12 percent to \$95 million on restated 2005 numbers. The slowest growing of the three Digitas agencies acquired by Publicis late in 2006. Key client Delta spent the year in bankruptcy, restructuring its business; account spend declined nearly 14 percent. Fared better outside U.S.: new business assignments from HP in Europe and Middle East. Added small account wins with Barilla, Shell, Subway and Wells Fargo. Lost Royal Bank of Scotland, concluded project work for Revlon.

CREATIVE **C+**
Many of Modem's clients are in utilitarian areas, like b-to-b, travel and packaged goods, but shop brings them to life in new and unusual ways. "Tea Runner," a viral video, was its biggest hit, mimicking the European craze of "free running" in an office setting, driving home the notion of mobility and flexibility for HP laptops. Work for Delta to reach skiers is more workmanlike, giving users ability to produce snowboard tricks in banners with an info-heavy microsite that marries air deals with resort details. Banner pushes for Kraft and Turbo Tax is typical fare.

EMERGING MEDIA **C+**
President Martin Reidy wants Modem to be the Web 2.0 agency, as proficient in widgets as Web sites. Early success in viral video like "Tea Runner" shows potential, but 2006 was mostly marked by small experimentation. Mini success story came from Dice.com, which tapped into conversational marketing with simple but smart idea: Let IT pros complain about their jobs. Modem's banners took in feeds of "Why your job sucks" from banners and used them as content in the ad unit.

MANAGEMENT **C-**
In first full year after Modem merged the Digitas and Modem London and San Francisco operations, bolstered media practice with opening of New York office. Added AKQA vet Christine Bensen in San Francisco. Improved creative chops with hire of Wheel's Chris Clarke in London. HP expansion gives shop presence outside London in mainland Europe and Middle East.

COMMENTS
The outlook for Modem is uncertain in the wake of the Publicis acquisition. With Digitas absorbing MBC to form Digitas Health, Modem is the extra digital asset. Publicis plans global expansion for Digitas, but is mum on Modem. One possibility is tying it closer to Publicis USA, although an outright merger would be difficult due to client conflicts.

C-

MRM WORLDWIDE

NUMBERS **C**
Revenue up 23 percent to \$170 million. Retainer wins: GlaxoSmithKline, 21st Century Insurance, Sovereign Bank. Named one of four Unilever global digital shops. Retainer losses: Maybelline.

CREATIVE **C+**
Work won't blow anyone's socks off, but not an embarrassment, either. Clarification.com, for Microsoft's Windows Vista, humanizes the software behemoth by using *Daily Show* regular Demetri Martin to inject some humor into promoting a boring operating system. Intel work takes similar humor tack—obsoletepc.org shows people turning their old PC parts into piñatas, skateboards and so forth while also sharing information about where old computers can be donated or recycled. Priceless.com's "Priceless Picks" for MasterCard extends long-running campaign by letting consumers offer their own priceless experiences. Partnership with Flickr to create the Nikon Stunning Gallery yields some beautiful user-submitted pictures.

EMERGING MEDIA **C+**
Most obvious symbol of MRM's emerging media capabilities is stewardship of the IPG Emerging Media Lab. Shop is making strides on working in a variety of emerging-media elements. For the Army, with its youth target, efforts have included MySpace, podcasts and ring tones. With General Motors, for which it is European emerging media partner, the Opel Corsa launch used media ranging from blogging and mobile to instant messaging.

MANAGEMENT **C+**
MRM didn't make major headlines in 2006, but grew at a steady clip. Shop is taking on more visible role within IPG, leading digital task force. Greg Johnson, the shop's evp, global innovation, was central to the creation of the IPG Lab, and agency shows initiative in partnering with social networking site Vox to build new ad model. Major additions to CEO Reuben Hendell's team include Paran Johar, evp, digital marketing, North America, from Tribal DDB and Tim Cunningham, evp, strategy, North America, from Digitas. Biggest departure was Scott Sorokin, global account lead on Intel, who left for Carat Fusion in April.

COMMENTS
In an explosive year for online advertising growth, MRM had a strong year. Now a global network on par with more established rivals, a few big wins in 2007 would solidify MRM's status.

C+

ORGANIC

NUMBERS **B**
Revenue up 40 percent to \$98 million. Double-digit growth in key clients DaimlerChrysler, Bank of America, Sprint. Had a solid new business year. Wins: Chevron, iVillage and Samsung, plus 30 project wins including eBay Motors, Sony Pictures and Condé Nast's ShopVogue redesign. Lost: Sirius.

CREATIVE **B+**
With mantra of creating "exceptional experiences," Organic typically balances usability with bells and whistles. Redesign of ShopVogue.com recreates the ads-as-content experience of high-end glossy fashion magazines. Adds click-to-buy, save-to-favorites and send-to-a-friend functionalities to products within ads. Showcased power of online video to change all categories with Bank of America's "Business 24/7" small-business site. Rather than BofA talking at visitors, site showcases real small-business owners.

EMERGING MEDIA **A**
Organic established itself as a leader in social networking, thanks to early adopter entertainment and auto clients. Showed the potential of MySpace for viral marketing by drawing 3 million users to add "X-Men" as a friend. Created first YouTube brand channel by linking Fox's *Prison Break* with Paris Hilton. Used MySpace and Facebook for several engagement campaigns beyond media buys, using them as online hubs for its "Uncharted" concert series rather than a brand site. Took immersion to new level through Jeep Lost Experience alternate reality game, creating a parallel storyline around the mysterious Hanso Foundation. Took cues from LonelyGirl15 phenomenon to let users participate in the experience, while integrating Compass into storyline.

MANAGEMENT **B+**
CEO Mark Kingdon committed shop to helping clients navigate Web 2.0 social-networking, user-generated content craze. Several top executives were poached, but capable replacements were brought in. Established group dedicated to emerging platforms including social networks, video on demand and gaming.

COMMENTS
At a time when some interactive shops are looking for a point of differentiation, Kingdon has Organic squarely focused on building off its signature work, which marries consumer insights and measurable results. Stands to benefit from DaimlerChrysler shifting marketing online, but could still be at risk from carmaker's shaky future.

B+

R/GA

NUMBERS **B**
Revenue up 33 percent to \$91 million on restated 2005 estimates. Continued steady growth from Nike, Verizon and Nokia. Wins: L'Oreal global assignment, Legg Mason, Corbis; expanded Nike into Canada. Losses: none.

CREATIVE **B+**
R/GA remains the home of beautiful design work with technology firepower to make it experiential branding. Combining design heritage with traditional storytelling still a work in progress. Nike Women Rockstar Workout is innovative use of video on Web, allowing users to click within videos to direct own experience. While engaging, it can sometimes feel directionless. R/GA is much more at home with the beatbox mixer site it built for Verizon, using tech know-how to meld video, music and consumer interactivity to show off power of broadband connections. Nokia work was similarly technically excellent, fitting with high-end customer base for the Nseries camera.

EMERGING MEDIA **A-**
R/GA does not build out a MySpace page. Rather it looks to creative uses of new technologies, such as mobile. Nike+ was a hit because it was not advertising as image building, but advertising as utility: R/GA created software that transfers runners' mileage to the Web, then added a social networking site that made it even more useful. A similar ethos behind a "bluecasting" campaign for Nokia let passersby download local maps to their cell phones from outdoor ads.

MANAGEMENT **B+**
CEO Bob Greenberg has made bolstering shop's storytelling cred a priority, made evident by hiring creatives with traditional experience like Berlin Cameron United vet Taras Wayner. Took first tentative steps outside New York base, establishing a London outpost to serve the Nokia account. Made moves to diversify shop by quietly starting a media practice during the year. It also launched a mobile and emerging-media platforms group under vp and ecd Rich Ting.

COMMENTS
When asked who he considers R/GA's peers, Greenberg is more apt to name Crispin than Avenue A/Razorfish. Yet R/GA in 2006 was still in competition with Web agencies for most pieces of business. Its Nike+ work, however, shows how agencies can blur the line of branding and product to create useful applications consumers want, rather than messages they avoid.

B+

TRIBAL

NUMBERS **A-**
Revenue up 35 percent to \$160 million on restated 2005 estimates. Wins: Unilever, GlaxoSmithKline (named to global digital rosters); Novartis diabetes treatment, Lenscrafters, United Technologies, AMD, EchoStar (all domestic AOR); PepsiCo's 7Up, Mirinda (international digital AOR). Losses: J.C. Penney, Home Depot. Third-largest percentage increase off fourth-largest revenue base lifts grade.

CREATIVE **A-**
Agency excels at integrating brands with pop culture. Creative highlighted by shaveeverywhere.com for Philips Norelco's Bodygroomer, which used raunchy humor to explain why men shave everywhere; received major media pickup. For VW Polo in the U.K., leveraged car's "short, but fun" positioning by licensing 30-second send-ups of popular films starring cartoon rabbits. McDonald's "Fantasy Fan Kit" incorporates logos, mascots and "jeerleaders" to up trash talk among fantasy sports fans.

EMERGING MEDIA **C**
Shop certainly employs its share of emerging media, but not particularly strong in this area. For VW Eos, Tribal created showroom with purchase info and dealer search downloadable to cell phones. Clorox, in Times Square during holiday season, allowed users to interact with snowflakes. Mashup of Nike Germany and Google Earth interesting way to illustrate where gravity-defying moments in sports history have occurred throughout globe.

MANAGEMENT **B**
Robust new business, award-winning creative obscured management missteps. CEO Matt Freeman blundered in September, when he got caught denying Tribal was doing project work for Wal-Mart to shield work another office was doing for J.C. Penney, causing Wal-Mart to remove shop from its \$570 million review. Biggest missed opportunity came in November, when the long-time McDonald's shop lost the pitch to become the chain's first global digital agency to much smaller AKQA. Departures included Paran Johar, L.A. general manager, who left in May to join MRM Worldwide; and Scott Johnson, ecd in Dallas, who joined Draft FCB in November. Growth led Freeman to open an Atlanta office in February, and delegate to newly appointed managers heading Asia-Pacific, Europe, east and west coast operations.

COMMENTS
Agency continues to grow, but failure to win McDonald's business and Wal-Mart gaffe should keep Freeman on his toes in 2007. With plans to expand further in Asia and Europe in 2007, appointing new level of regional executives a smart first step.

B