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O'Dwyer's

Newsletter

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MMGY GLOBAL ACQUIRES NJFPR

Travel, hospitality and entertainment marketing agency MMGY Global has acquired New York-based travel and tourism shop NJFPR.

The acquisition, which effectively doubles the size of MMGY's PR practice, became effective October 15. The acquired NJFPR will now be integrated with MMGY's PR, Social & Experiential Marketing practice, and this new entity will rebrand under the name NJF, an MMGY Global Company. Full integration is expected to take place over the coming months, with the New York offices of MMGY Global and NJFPR moving into a combined Midtown Manhattan location in early 2017.



Friedman

NJFPR, formally known as Nancy J. Friedman Public Relations Inc., was founded in 1987 by president Nancy Friedman. The agency, which specializes in hotel, destination and lifestyle brands, opened a Los Angeles office in 2014 and maintains an additional satellite team in Boston as well as a U.K. liaison. The agency accounted for more than \$3.8 million in travel-related net fees in 2015.

Friedman will remain onboard as MMGY Global principal and will be responsible for leading strategy and elevating the travel agency's New York profile. MMGY managing director Julie Freeman now becomes NJF managing director. (Continued on page 4)

PUBLICIS N.A. CONTINUES SLIDE

Organic growth at Publicis Groupe inched up a minuscule .2 percent to €2.32 billion (about \$2.54 billion) for 2016's third quarter, while growth slid .4 percent for the period ending September 30.

For the year, consolidated revenue at the French PR/ad combine was up 2.9 percent, to €7.06 billion (about \$7.6 billion) compared to €6.87 billion during the same period in 2015. Organic growth revealed a year-over-year uptick of 1.9 percent.

Quarterly organic revenues were hit particularly hard in the multinational marketing conglomerate's North America operations, falling 4 percent to € 1.25 billion (about \$1.37 billion). Organic revenue was also down .4 percent in Asia-Pacific region to € 261 million (about \$285 million). On the other hand, Latin America revealed very strong organic growth, up 13.1 percent to €89 million (\$97 million) and Europe revealed 7.6 percent organic growth to €643 million (\$703 million). (Continued on page 4)

IPG MAINTAINS SOLID GAINS IN Q3

Constituency Management Group, Interpublic's marketing and communications unit which includes PR agencies Weber Shandwick, Golin, DeVries, Current, Axis and Creation, continue to perform well in the market, reporting organic revenue growth of 9.4 percent and total growth of 9.9 percent to \$381.4 million in revenues during the third quarter of 2016.

The numbers, released today in Interpublic's third quarter earnings report, reveal a trend of healthy growth for CMG, and follow those units' similar 4.4 percent growth and 2.8 percent organic growth in Q2.

Weber Shandwick CEO Andy Polansky told O'Dwyer's that Weber and DeVries performed particularly well in the quarter, while Golin witnessed growth as a result of its February acquisition of PR and creative branding shop Brooklyn Brothers.

"We continue to see good growth prospects as our agencies are well positioned given the strong digital, so (Continued on page 4)

OMNICOM PR UP 4.4% IN Q3

Third quarter PR revenue at Omnicom rose 4.4% to 347.6M over a year earlier, the holding company reported today. This organic growth is good news compared to essentially flat growth in the second quarter of this year.

Overall revenue for the quarter almost reached \$3.8B, up 2.3% over the same period of 2015, fueled in part by an increase in revenue from organic growth of 3.2%.

The breakdown in the holding company's four disciplines is as follows:

- Advertising: +3.6%
- CRM: +1.6%
- PR: +4.4%
- Specialty Comms.: +6.2%

Operating income for the quarter rose \$24.8M to \$453.1M, up 5.8%.

Growth of regional markets:

- North America: +1.7%
- United Kingdom: +5.2%
- Euro Markets & Other Europe: +2.0%
- Asia Pacific: +8.0%
- Latin America: +11.9%
- Middle East & Africa: +15.6%

Diluted net income per common share for the nine months ended September 30, 2016 increased 25 cents, or 8.2%, to \$3.31 per share compared to \$3.06 per share for the nine months ended September 30, 2015.

SPONG IS NOW CARMICHAEL LYNCH RELATE

Carmichael Lynch Relate president Julie Batliner explained that "Relate" reflects the firm's goal to bring together people and brands, clients and stakeholders, and influencers and the media. The firm is a division of Interpublic Group's Carmichael Lynch.

Carmichael Lynch and Carmichael Lynch Relate remain stand-alone agencies, but can "snap together" to provide an integrated solution, according to Batliner.

Doug Spong, who started Carmichael Lynch Spong, stepped down as president emeritus in late 2015.

The firm has been known as Spong since 2014.

"While that made sense at the time, the way that we are working, this name better reflects who we are," Batliner said.

JOELE FRANK MAINTAINS DEAL PR LEAD

Top M&A PR advisors Joele Frank, Wilkinson Brimmer Katcher kept pace atop M&A PR advisors in the US through the third quarter, advising 79 transactions so far this year, according to The Deal.

Joele Frank stayed ahead of No. 2 advisor Sard Verbinen & Co., which logged 61 transactions through Q3. Both firms worked the \$8.4B REIT combination of New York REIT and The JBG Companies in May.

The leaders were well ahead of the rest of the top five, including Kekst and Company (30), Abernathy MacGregor Group (27) and Brunswick Group (23).

Among proxy advisors, Innisfree M&A Inc. worked 31 transactions, followed by McKenzie Partners (17) and D.F. King & Co. (16).

The Deal reported high valuations, geopolitical uncertainties (including Brexit), and fear of regulators kept the M&A dollar total below last year through Q3. For the recent quarter alone, The Deal tallied \$495.5M in volume, compared with \$861.7M in Q3 of 2015, or a 42.4% decline. The year's blockbuster transaction -- Bayer's \$62B play for Monsanto kicked off in May -- involves Finsbury, Hering Schuppener and Brunswick Group.

CAN MACHINES REPLACE PR PEOPLE?

Automation in PR, with computers dealing with reporters instead of PR people, was one of the topics at Communications Week, New York, which ended last week.

Panelists Oct. 19 worried whether "artificial intelligence," as exemplified by IBM's Watson, "a technology that understands all functions of data and reasons and learns at scale," might cost some PR people their jobs.

Wikipedia describes Watson as "a question answering system capable of answering questions in natural language."

Comms Week founder Tiffany Guarnaccia of Kite Hill PR said there is little worry about job loss at the moment but "we are starting to see examples of artificial intelligence in our space with bots [web robots] writing AP stories and branded content. It's not inconceivable that, a few years down the line, an artificial intelligence bot like Watson could deliver content that at least rivals the work of a skilled professional," said Guarnaccia. Full report at odwyerpr.com.

MEDIA/SOCIAL MEDIA NEWS

AT&T TO BUY TW FOR \$85.4B

AT&T has moved to acquire Time Warner in a cash and stock deal worth \$85.4B.

Boards of directors of both companies approved the \$107.50-per-share deal over the weekend.

AT&T is eyeing Time Warner's "vast library of content," as well as the company's ability to create new premium content from a stable that includes HBO, TBS, CNN, and Warner Bros. Entertainment, among myriad other properties.

The deal follows Comcast's \$30B acquisition of NBCUniversal and Verizon Communications' \$4.8B grab of Yahoo.

AT&T chairman and CEO Randall Stephenson said, "Premium content always wins. It has been true on the big screen, the TV screen and now it's proving true on the mobile screen. We'll have the world's best premium content with the networks to deliver it to every screen."

Time Warner chief Jeff Bewkes called the deal a "natural fit between two companies with great legacies of innovation that have shaped the modern media and communications landscape."

Equity value of the deal is \$85.4 billion with a total transaction value of \$108.7B, including Time Warner's net debt. TW shareholders would own between 14.4% and 15.7% of AT&T shares.

AT&T bought DirecTV in 2014 for \$48.5B.

TIME REORG TOP FINANCIAL, COMMS ROLES

In an upper management shuffle, Time Inc. has shifted its chief communications officer role to executive VP and human resources chief Greg Giangrande.

Jaison Blair, senior VP of IR and corporate communications, shifts to SVP of IR, finance and corporate development.

Time Inc. CFO Jeff Bairstow is transitioning out of the company by March in favor of Sue D'Emic, senior VP and controller who will take the CFO role Nov. 7.

Jill Davison, VP of corporate communications, now reports to Giangrande.

POLARIS PITCHES FOR YELP

Online business review site Yelp, Inc. has tapped government relations and legislative strategy firm Polaris Government Relations for help with computer industry issues on Capitol Hill.

According to lobbying registration documents filed October 13, Polaris has been retained to provide the San Francisco-based marketing and reviews giant for "advice and counsel on matters related to Internet competition and governance."

The account will be managed by Polaris principal and founder Daniel Gans, a former Alexander Strategy Group lobbyist who was also previously chief of staff to Governor-elect and Congressman Bob Riley (R-AL). Joining him will be Jon Gans, former chief policy advisor to Senator Jon Kyl (R-AZ) and legislative counsel to Rep. Rodney Frelinghuysen (R-NJ); and Bryan Cunningham, former policy advisor to Senator John Ensign (R-NV).

Yelp hired Monument Policy Group in February.

NEWS OF PR FIRMS

CRC EXPANDS STAFF, FLATIRON OFFICE

PR and digital marketing communication agency CRC has expanded its staff with three new hires and improved office space in the St. James building in New York city's Flatiron district to include showroom space to facilitate celebrity stylist meetings, mixologist and food service demos as well as editor deskside appointments on a daily basis.

Brianne Dezzutti comes on as account supervisor and director of celebrity influencer management. She previously held positions at Alison Brod PR, HL Group, Siren PR, DeVries Global and Full Picture where she gained experience in beauty, hospitality and lifestyle PR including work for Sarah Jessica Parker Beauty, Proactiv and Sofia Vergara fragrances.

Erica Kuzmicz steps over from Stuntman PR with experience in celebrity seeding and influencer engagement. She will serve as senior account executive and manager of celebrity influencer management. Client experience includes Neuhauss Chocolate and Classic Specs.

Jillian Fredi turned her summer internship at the firm into a full-time position as PR assistant. "These three new additions will add great value for our growing agency to provide strategic solutions and results for our clients," Cindy Riccio, CRC president and founder, said.

The firm recently put together an award winning campaign for the launch of the Kenneth Cole Smartwatch and app.

NEWS OF SERVICES

HARRINGTON NAMED PR COUNCIL CHAIR

Edelman's global chief operating officer Matthew Harrington has been tapped to chair industry trade association the PR Council.

Harrington has been elected to serve a one-to-two-year term. He's served on the PR Council's committee since 2013.

Harrington has been with number-one independent Edelman for three decades. Previously president and CEO of its U.S. region, he was formerly president of Edelman's Eastern region, overseeing the firm's New York and Atlanta outposts, and before that, also served as president of Edelman's Western region. He was named global chief COO in 2012.

The PR Council also appointed JPA Health Communications principal and managing director Carrie Jones to serve as secretary and O'Malley Hansen Communications principal Todd Hansen to the role of treasurer.

Edelman dropped out of the PR Council in 2006, citing fundamental differences with the group.

STUDY: IgnitionOne's 2016 Digital Marketing Report for Q3 shows that U.S. paid search spend is down 4% year-over-year, part of a slip started two quarters ago. Mobile search spend, however, is up 14% and the report expects this upsurge to increase, but at a slower pace, as mobile marketing continues to mature. Facebook's programmatic display spend was down 22% in advance of FBX closing down in November, leaving Google to post a 32% gain in display spend.

NEW ACCOUNTS

New York Area

Krupp Communications, New York/Prelude, fertility start-up, as AOR. Prelude focuses on fertility preservation, in vitro fertilization and genetic testing and screening. The company partners with reproductive science specialists and employs a proactive, four-step fertility method that involves freezing sperm and egg cells while clients are fertile and using them to create and transfer embryos at a later date, which increases the chances of having a healthy baby and decrease the chances of requiring future infertility therapy. The Atlanta-based company was founded in 2015 by Argentine entrepreneur Martin Varsavsky, who is featured in the November issue of *Forbes*. New York-based K2 was founded by former TV producer Heidi Krupp. Agency clients include American Express, Ann Taylor, CVS Pharmacy and Levi's.

Ink & Roses, New York/BABYZEN North America, as AOR. The firm will provide media relations, engage with retailers and offer social media expertise. Parent company is BABYZEN France. The BABYZEN website displays strollers that can handle rugged terrain and easily be folded and carried up stairs or taken on a plane as carry-on luggage.

Klick Communications, Los Angeles/Santa Monica Shore Hotel; Kona Brewing Company (Hawaii's Big Island), and Mundo Cuervo, tourism and hospitality division of tequila maker Jose Cuervo. The firm is based in Sydney, Australia.

PEOPLE

Joined

Jay Heimbach, an external and corporate relations special representative to the World Bank, to Washington-based lobbying shop Peck Madigan Jones. Heimbach, a senior aide at the FCC and Obama White House, was senior director of the ONE Campaign and chief of staff to Senate Banking Committee Ranking Member Sherrod Brown (D-Ohio). He started out on the campaign staff of Sen. Edward Kennedy (D-Mass.) and worked in the private sector at Richetti & Associates. He also worked in the Clinton White House. At the World Bank, he was special representative to North America, Australia, New Zealand and Israel for external and corporate relations.

Jennifer Leggio to Flashpoint, as chief marketing officer of the business risk intelligence company focused on the Deep and Dark Web. Leggio has 20 years of experience in security and tech marcom from positions at cyber security experts Digital Shadows, Cisco, Sourcefire, and Fortinet.

Michael A. Buczkowski has been named chief marketing officer of California continuing education institution UCLA Extension. Buczkowski, a former Chicago-based marketing veteran, was owner and CEO of digital advertising agency Digit Integration. Prior to that he was owner and CEO of the Ignition Network, which he founded in 2006. He was previously CEO and president of Leo Burnett property asterisk, and EVP of DraftFCB.

PUBLICIS CONTINUES SLIDE (Cont'd from pg. 1)

Organic growth was also up 4.1 percent in Publicis' Middle East and Africa regions to €68 million (\$74.3 million).

In a quarterly earnings statement issued with its quarterly results, the world's third-largest ad conglomerate said it had anticipated a slowdown in North America for the period, and said its financials were "significantly impacted" by media account losses in the "media palooza" of the last year, as well as projects recently completed at digital property Razorfish.

Publicis experienced a similarly sluggish second quarter as a result of the performance by its North American properties.

During that period North American business declining 0.1 percent organically and 0.3 percent overall to €1.3 billion for the period, with the marketing conglomerate posting a .9 percent year-over-year uptick to €2.4 billion.

MMGY ACQUIRES NJFPR (Cont'd from pg. 1)

-aging director and will lead the newly minted unit's strategy, team development, client service and day-to-day operations.

MMGY Global president & CEO Clayton Reid told O'Dwyer's the agency believes the travel PR sector is currently undergoing a dramatic evolution, one which requires agencies to possess "media relationships as well as the research, strategy and content development tools to integrate an effective client approach."

"We are building this practice through the existing strength of MMGY's PR and social group as well as the integrated marketing services our global company offers," Reid said. "NJFPR is the perfect complement to this strategy."

New York-headquartered MMGY, which was founded in 1981 and staffs more than 200 worldwide, maintains additional offices in Kansas City, Orlando, Ft. Myers and Madrid.

IPG POSTS SOLID Q# GAINS (Cont'd from 1)

-cial, creative, public affairs and corporate reputation expertise we have across the portfolio," Polansky said.

Revenues were up across the ad/PR combine, with Interpublic today reporting organic revenue growth of 4.3 percent and a total revenue increase 3 percent in Q3 to \$1.922 billion.

Organic growth in Q3 was particularly strong for the holding company in the U.K. (16.4 percent) and continental Europe (8.3 percent). Performance in the U.S. was less boisterous, however, revealing growth of 1.8 percent.

Operating income was \$207 million, up from the same period in 2015 (\$192 million), and year-over-year net income jumped to \$133 million from 2015's Q3 numbers of \$78 million. Both figures were down from the second quarter, however, when IPG in July revealed Q2 operating income of \$224.8 million and net income of \$156.9 million.

PR OPINION

Since earned media is getting "harder to gain traction in," PR people need to make "smart branded content recommendations for clients," Communications Week was told Oct. 21.

Katie Creaser, VP of Affect, New York, said, "PR pros are probably not extending enough into native content or advertising or paid opportunities."

"Making smart branded content recommendations to clients could be a real asset for us but we need to better understand how it works and the technology behind it," she told Commweek.

"There's less distinction between traditional journalism and branded content—this is a new way for journalists to sell their expertise," said Duy Linh Tu, associate professor, Columbia Graduate School of Journalism.

"Journalists are poor advertisers but they're good at storytelling and distilling things down to important facts," he said. "As journalists, we have to figure out new ways to make money..."

Whether journalists should worry if their stories bring in money or not has been a hot topic lately.

A *New York Daily News* panel Sept. 21 was asked if readers want "news of puppy dogs" instead of substantive issues, what should a news medium give them?

Give them what they want, said moderator Jay Rosen, NYU journalism professor. "If readers just want puppies then how can you inform them about the community? The readers are the community. They're the customers. If they don't want the product, then how can the company continue to make it?"

"Native advertising is about to flood the airwaves," says Business Insider, meaning storylines written around "products the advertisers are trying to sell."

Native display ad revenues make up 56% of current total U.S. display ad revenues, according to BI. It predicts growth to 74% of such ads by 2021.

Driving branded content is what the Interactive Ad Bureau says is "a tide of ad blocking."

Randall Rothenberg, IAB president/CEO, forecast an "increasing flow to premium video, native advertising, branded content and more customized experiences." He asked: "Can great journalism survive?"

Washington Post media columnist Margaret Sullivan said Aug. 8 that newspapers are afflicted with "shrinking staffs, the abandonment of important beats, the love of click and bait over substance, the deadly loss of ad revenue, the truly bad ideas that have come to the surface out of desperation, the persistent failure to serve the reading public...media's addiction to content that generates digital traffic, particularly ever-weirder stories about cats."

The crumbling wall between the "business" and "editorial" sides of media has helped credibility in media to plummet from 69% in 1974 to 21% last year, according to Gallup. "Americans with a great/fair amount of trust in media" is a current chart on Quartz showing that it fell from 70% in 2005 among Democrats to 52% currently, and among Republicans, from 53% in 1998 to 12% currently. The average is around 30%. — Jack O'Dwyer