

AGENCIES

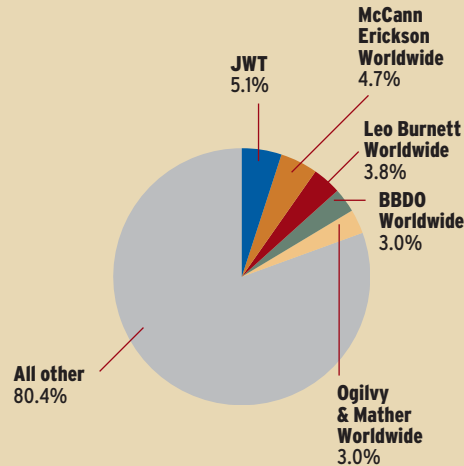
AGENCIES: Using ad revenue of traditional U.S. agencies in 2005 covered by the 62nd annual Agency Report (AA, May 1), and estimated billings in 2005 for U.S. media specialist companies from Recma Institute, Paris, *Ad Age* found much more dominance on the media specialist than agency side of the ledger in these two disciplines that together account for 49.3% of total marketing communications activity in the U.S.

HEAVY CONSOLIDATION activity over the years has left the industry top heavy and perhaps a wee bit sluggish as evidenced by the revenue power and mixed growth of the top 5 U.S. agency brands: They control 19.6% of the \$9.28 billion in traditional advertising led by JWT at 5.1% of the market (see pie). JWT's revenue, too, was down 1.5% for the year, McCann Erickson's grew 0.1% and Leo Burnett's 3.3%, while BBDO and Ogilvy advanced 12.7% and 11.5%, respectively. Even more telling, though, is the top 25 agency brands account for 52% of U.S. traditional agency business. And of those 25, 21 are owned by five holding companies that with all their U.S. agencies control 57.4% of the U.S. market. That group is led by Interpublic Group of Cos. at a U.S. share in traditional advertising of 18% to runner-up WPP Group's 14.9%. Given that media has become commoditized where volume equals power, that market is far more compact. The top five shown in the pie claim 48.4% of \$91.05 billion in U.S. media billings led by OMD at 11.4% share. And the top 10 control 81% of the market. These media behemoths when spun off by agency parents initially handled the media side of the agency's AOR clients. Now, the greater share of their billings falls outside that traditional relationship.

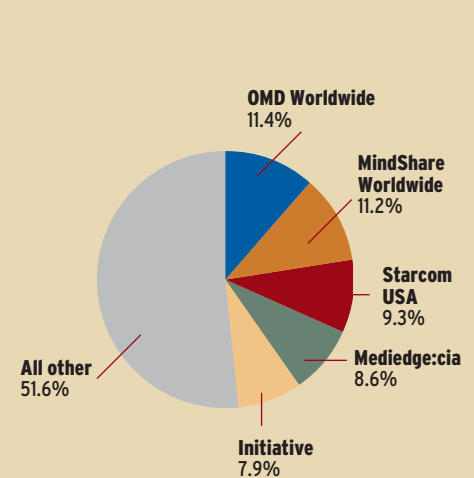
TOP FIVE U.S. AGENCIES BY SHARE OF DISCIPLINE

Traditional advertising agencies versus media specialist companies based on 2005 returns

TRADITIONAL AGENCIES: \$9.28 BIL. REVENUE



MEDIA SPECIALISTS: \$91.05 BIL. BILLINGS



Traditional agency revenue of \$9.28 billion came from 437 U.S. agencies as reported in the Agency Report. The \$91.05 billion in media billings is from Recma Institute, Paris. Both numbers are considered AA estimates.