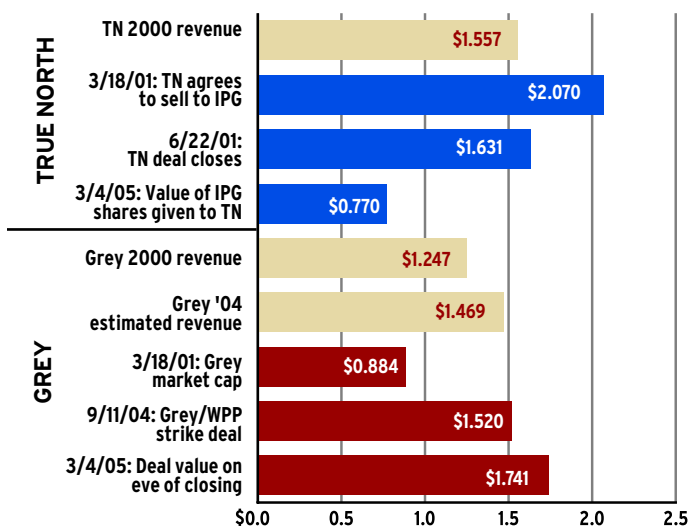


AdWatch

BY BRADLEY JOHNSON

TURN SIGNALS

WHAT'S THE DEAL: Grey Global agreed in September to sell to WPP for \$1.52 billion in cash and WPP stock. Risk: The value at closing would fall if WPP shares declined. Reward: gains if WPP rose. WPP stock has soared since the fall, hitting the highest point March 4 since 2001. The deal closes today; Grey Chairman-CEO Ed Meyer's timing was perfect. This is in contrast to the 2001 sale of True North Communications to Interpublic; as Interpublic shares slumped, the deal's value fell from announcement to closing. Interpublic stock given to True North shareholders has plunged since then. How the deals' values changed over time:



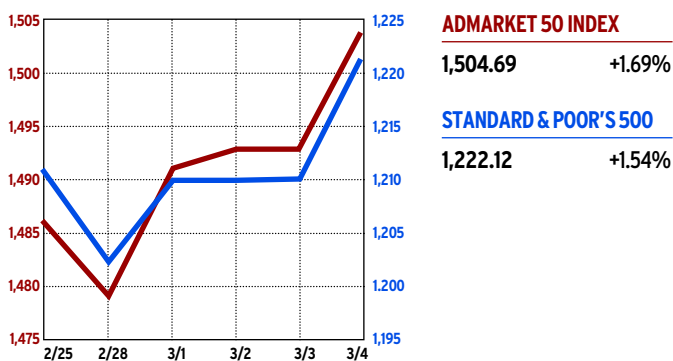
Figures are in billions.
Source: Advertising Age analysis

ADMARKET 50

HIGH TIME: The AdMarket hit its highest point since late December, recovering early-year losses to show a 1.7% gain. For the week, 43 AdMarket issues were up; seven fell. Univision topped the charts on improved results. Havas hit its highest level since February 2004 as speculation grew on a possible takeover move by investor Vincent Bolloré.

Grey Global Group fell 10.6%. The drop is no surprise. Grey holders had until March 3 to request cash, WPP stock or a mix in the sale to WPP Group, set to close today. WPP will buy half the shares for \$1,005 cash and half for stock worth about \$1,300; that's a blended value of \$1,152 a share. The smart money asked for stock; anyone who bought shares March 4 probably will get mostly cash. Grey stock fell March 4 to \$1,011 to reflect that.

Advertising Age and Bloomberg's AdMarket 50 index of 50 top publicly traded marketer, agency and media companies for the week ended March 4 based on stock trading data supplied by Bloomberg financial news service. All comparisons are vs. closing prices Feb. 28. Full data available on Bloomberg terminals under index BAAX.



WINNERS	MAR. 4 CLOSE	CHANGE	LOSERS	MAR. 4 CLOSE	CHANGE
Univision	\$28.99	+9.85%	Grey Global Group	\$1,011.02	-10.59%
Havas	\$6.07	+8.78%	General Motors Corp.	\$34.84	-2.27%
Publicis Groupe	\$32.36	+6.98%	Ford Motor Co.	\$12.40	-1.98%
News Corp.	\$18.07	+5.00%	Omnicom Group	\$89.75	-1.45%
Marriott Intl.	\$66.89	+4.35%	IBM Corp.	\$92.37	-0.23%

Study: Go traditional to influence influencers

Street teams, events build buzz, but tastemakers prefer Net, magazines

By MATTHEW CREAMER

WHILE MARKETERS are increasingly interested in new tactics such as deploying street teams, seeding products at celebrity events and hiring agents to furtively flog a brand, the best way to get some buzz may be through a more tried-and-true method: a magazine or Internet ad.

The 9% of the population known as influencers—those who, through their recommendations and opinions, hold sway over other consumers' decisions—are themselves most influenced by the Internet and print media, according to a recent study from Mediarnk Research, part of NOP World. The data call into question the idea that generating buzz is all about fringe and relatively inexpensive promotional activities that will replace traditional advertising spending. It also suggests that print media, often devalued among advertisers, is more effective in reaching this class of

tastemakers than radio or TV.

"Word-of-mouth marketing is a strategy that should run through an entire marketing mix, but this shows that traditional media is the place where the word-of-mouth conversation begins," said Brad Fay, managing director at NOP World Consumer. "The rise of guerrilla-marketing boutique agencies is fascinating, but it's not the whole story."

Influentials polled were more

MIND-SET

Influentials are self-directed and expert sources, and print media and the Internet provide them with that information

likely than the general population to make recommendation on choices like hotels, restaurants, and investments based on what they read or saw in newspapers, magazines or on the Web. Sixty-one percent of influencers said magazines contributed to their recommendations, followed by in-store (58%), TV (55%) and newspaper (53%).

At the bottom of the list were e-

mail, which only 26% said contributed to their recommendations; free samples (39%); and radio (44%).

GO TO THE EXPERTS

Within the magazine category, 28% of readers of outdoor-recreation titles and 19% of readers of in-flight magazines qualified as influencers, topping the list. The science/technology, travel and business/finance readers also ranked high.

"This is part of the psychology of influencers," Mr. Fay said. "They are information-gatherers and very self-directed. They want to go to expert sources and, for them, print and the Internet provide those things."

This is the first time influencers were identified as a target within MRI's Survey of the American Consumer.

In addition to small specialty firms, larger and more established public-relations and advertising agencies have devoted business units to word-of-mouth marketing. For instance, Omnicom Group's Ketchum launched a program last year designed to help identify influencers or endorsers with credentials as a neutral third-party.

Cherry-flavored whiskey, anyone?

Phillips targets women, aims to piggyback on similar trend in vodka

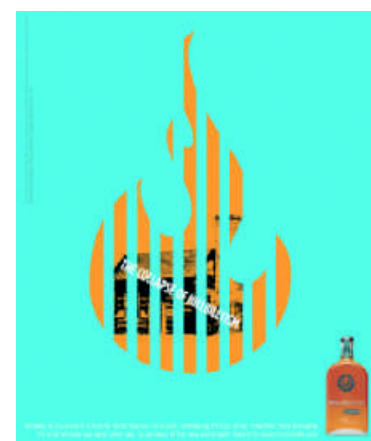
By JAMES B. ARNDORFER

A MIDWESTERN DISTILLER is betting drinkers whose palates are conditioned by flavored vodkas are ready for new tastes in whiskey—including vanilla and cherry.

Phillips Distilling this month rolls out Phillips Union whiskey, a blend of bourbon and Canadian whiskeys billed as smoother than other American whiskeys, along with cherry and vanilla flavor extensions.

Phillips is trying to carve out a niche distinct from the rest of the American whiskey category, dominated by venerable labels often named for founders and rich in tradition, image and heritage—Brown-Forman's Jack Daniels Tennessee whiskey and Jim Beam Brands' bourbon being the two biggest.

The distiller is positioning Phillips Union—which will be priced at superpremium level above Jack Daniels, Jim Beam and Makers Mark—as more urban, more female and more sophisticated. It's trying to attract new drinkers to the category by chasing young professionals who are almost wholly dedicated to vodka



THE REVOLUTION: Phillips ads send up the traditional image of whiskey

right now, distiller CEO Dean Phillips said.

With spirits growing and taking share from beer, industry observers agree that there could be room for a product like Phillips Union. The challenge will be to execute and persuade consumers there's a reason to try it.

MUST BE DONE RIGHT

While sales-drivers in the vodka aisle, flavors haven't really seeped into brown spirits. But there are signs that's changing. Tequila distillers, for instance, are eyeing flavors.

"There's definitely room" for the product, said Heather Dupre, managing director of the brand consultancy

Kindred Keziah and a one-time VP-global brand innovation at Diageo. Success depends on "if the flavors are done right."

The bourbon and Tennessee whiskey category grew by 3.5% in 2004, driven by growth of high-end and super-premium brands, according to figures from the Distilled Spirits Council of the U.S. Overall, spirits grew by just over 3%.

Phillips is backing the launch with \$2 million to \$5 million in print advertising support from independent Olson & Co., Minneapolis. The ads take a confrontational attitude toward the traditional image of whiskey and position the brand as revolutionary. Ads run in April issues of Wenner Media's *Rolling Stone*, Conde Nast's *Details* and Fairchild's *W. One*, showing a cabin within what appears to be a stylized orange flame, declares the "collapse of hillbillyism."

Asked if he thought that ad could trigger blowback, Mr. Phillips quipped, "Bring it on," and described it as "good-natured" ribbing. Said Brian Kroening, exec creative director at Olson: "Revolutions are confrontational."

Phillips is also supporting the brand with a Web site that plays underground music and will also hold events.