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BUSINESS | MEDIA & MARKETING | CMO

Vice Encroaches on Ad Agency Business With Creation of Virtue Worldwide

Global unit ties together several businesses focused on helping marketers make digital content



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Lars Hemming Jorgensen, the new CEO of Virtue Worldwide, Vice Media's global advertising business PHOTO: VICE MEDIA

By Mike Shields

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If there was any doubt that Vice Media is serious about pushing further into the advertising agency business, it may be time to reconsider.

The youth-centric media company, which operates a digital publishing outlet as

well as a less-than-year-old cable network, has acquired and launched a string of businesses in the agency realm in recent years. Now, it's tying them all together under a single entity, called Virtue Worldwide, which promises to help marketers produce TV and digital content aimed at young consumers in 30-plus territories across the globe.

The new 450-person, Brooklyn-based business combines the assets of what were several stand-alone Vice units. Those include Virtue, Vice's decade-old in-house creative agency, and Carrot Creative, a digital and mobile specialty agency that Vice acquired in 2013.

- Georgia-Pacific's Brawny 'Strength Has No Gender' Ads

Brawny Strength Has No Gender



As part of an effort to empower women and girls, Georgia-Pacific LLC's Brawny paper towels brand this year continues its "Strength Has No Gender" campaign. Douwe Bergsma, the company's consumer business CMO, discusses the campaign, as well as gender equality in marketing, with Alicia Hatch, CMO of Deloitte Digital, and Shelley Zalis, CEO and founder of The Female Quotient.

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creation of the content above.

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Virtue Worldwide will work closely with the branded content agency Pulse, which Vice purchased roughly a year ago, and Starworks Group, a global agency in which Vice acquired a majority stake last summer.

The hope is to stitch together all those assets and capabilities into a full service agency network for brands that need to create content—everything from social media posts to short films to vertical Snapchat fare—that speaks to younger consumers on various digital platforms. To date the company has already worked on a global basis with brands such as Unilever’s Dove personal-care products, Breyers ice cream and Tresemmé hair-care products.

“This is less about [a new] name, and more about the efficiencies” the combined entity will yield, said Lars Hemming Jorgensen, who has been named chief executive of Virtue Worldwide. “Marketers don’t want four different strategists from four agencies in the room.”

Mr. Jorgensen said Virtue hopes to play a more a high-level, strategic role with marketing clients, rather than getting a lot of one-off assignments, which can be common in digital marketing.

“A lot of brands have to hire so many different people and agencies, which creates multiple margins and disconnections in their communications,” said Vice Media co-president Andrew Creighton. “So having that all tied together is really important.”

Mr. Creighton said Vice could make more acquisitions in the ad agency space down the road, though nothing is imminent.

Naturally, that kind of talk may rankle some on Madison Avenue, where agencies have seen more media companies gradually push into their territory. But lately that street has gone two ways, with ad agencies also trying to nudge into the content business.

Ian Schafer, founder and chief executive at the ad agency Deep Focus, warned

that media companies will inevitably face conflicts the more they try to offer marketers one-stop shopping. And many will find that ad agency work isn't so easy, he said.

"What media companies don't realize is that by bundling everything together they commoditize high-touch service," he said. "It's why people don't get their teeth cleaned by their doctors."

"It's hard to be a business partner when you're in the business of also leaning upon a client for their media dollars," Mr. Schafer added. "It creates bias."

Mr. Creighton insisted that Vice doesn't aspire to displace traditional agencies or replicate their more traditional roles (i.e. making commercials and buying media space). Instead, he sees a new category emerging with marketers requiring global agencies of record to handle their swelling content production needs.

"We do a lot of things agencies need, and they do things we can't do," he said.

"We play well together. At some point there is going to be push and pull and some tension. That's a commercial reality. But we just want to do great work."

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