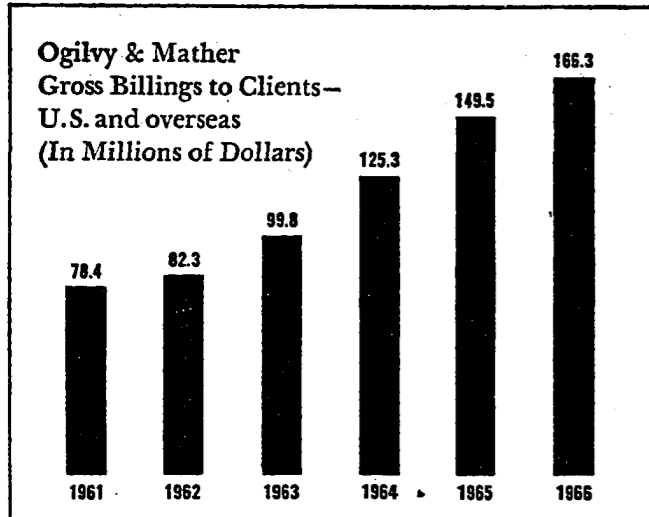


# Ogilvy & Mather reports on its first year

On April 26, 1966, Ogilvy & Mather International, the twelfth largest advertising agency in the world, became a public company. Our first Annual Report was mailed to shareholders last week. Text and illustrations shown here come from that report. If you would like a copy, write Shelby H. Page, Treasurer, Ogilvy & Mather Inc., 2 East 48th Street, New York, N.Y. 10017.



## Performance in 1966

In 1966, Ogilvy & Mather International billings increased 11.2 percent to \$166,300,297.

Fee and commission income increased 12.4 percent to \$26,674,905.

Earnings per share increased only slightly—from \$1.31 in 1965 to \$1.32 in 1966.

Profits in the United States increased by 75 percent. This increase was offset by a profit reduction in the United Kingdom and Europe. The United States agency contributed 84 percent of net income from operating subsidiaries. Lower profits overseas were partly the result of economic conditions. The deflationary curbs placed on the British economy in 1966 led to a cutback in some advertising expenditures. Similarly, Germany has been suffering an economic downturn which was reflected in reduced advertising expenditures.

Three quarterly dividends of 10 cents per share were paid—after we became a public company in April.

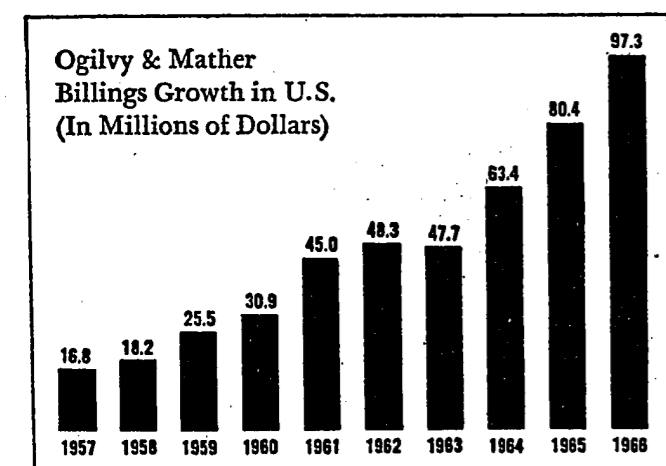
## New Accounts

In each of the seven countries where we have offices, we added new clients in 1966. In the U.S. we were appointed by Mars, Incorporated, General Cigar Company, Merck & Co., Gillette Safety Razor Company.

In Canada, we were selected by General Foods to handle five products. In England, we added Gillette, Bristol-Siddeley Engines, and new products for Pet-foods and HP Sauce. New clients in Continental Europe included ICI Fibres, American Express, Bristol-Siddeley Engines, Gilbey's Whisky and Vesta foundation garments.

## Growth in the U.S.A.

The United States accounts for 67 percent of the world's advertising expenditures. The chart below shows our billings growth in the U.S.—from



\$16,765,000 in 1957 to \$97,273,107 in 1966. In the past ten years, we have grown from forty-fourth largest U.S. agency to eighteenth largest.

Over this same period, the compound annual growth rate of the U.S. Gross National Product has been 5.9 percent. The billings growth rate of the twenty-five largest agencies has been 6.5 percent; the growth rate of Ogilvy & Mather (U.S.) has been 21.6 percent.

A large part of our growth in the United States has come from additional business awarded us by existing clients. In the past five years our billings in the U.S. have grown over \$52,000,000; almost \$31,000,000, or 58 percent of this growth is additional business from existing clients. Growth with present clients is the best testimonial to our agency's service.

## Growth in Europe

Our agencies in the United Kingdom and Germany are major ones. According to *Advertising Age*, in 1966 our agency in the United Kingdom was the fourth largest; our agency in Germany the seventh largest. We have confidence in their continued growth in spite of difficulties in 1966.

In the first quarter of 1967, new accounts with annual billings of over \$6,000,000 were gained in Europe. (In Great Britain: the Gas Council, Omega Watch Company, Reckitt's Wonderset hair spray, and new assignments from Unilever and Gillette. In Germany: Alete baby foods and a new assignment from Unilever.)

Early in 1967 we entered into an agreement with the Trio Advertising Agency in Switzerland under which we propose to combine our Swiss and Italian offices with the Trio offices in these two countries. We believe this step will improve our operations in Switzerland and Italy.

Our program for strengthening management and reducing costs in Europe was well in train by the end of 1966. We look to a greater profit contribution from Europe in 1967.

## International Service

The advertising business is growing rapidly throughout the free world as more economies become more consumer-oriented. Manufacturing companies expanding internationally need advertising agencies that can provide international service.

There is mounting evidence that the same advertising campaigns usually have the same appeal to the consumer in North Dakota as to the consumer in Frankfurt or Toronto. We have geared ourselves to create international campaigns.

	U.S.	Canada	U.K.	Germany	Italy	Switz.	Austria
Schweppes	■	■	■	■			
Air Canada		■				■	■
Gilbey		■	■			■	
Mercedes-Benz	■	■		■			
Shell	■	■	■	■		■	■
Lever	■	■	■	■			
ICI			■	■	■		■
Gillette	■		■	■		■	
American Express	■	■	■	■	■	■	■

Today, Ogilvy & Mather has offices in seven countries. These countries account for 85 percent of world advertising expenditures. We serve the American Express Company in all seven countries. The Omega Watch Company is the most recent addition to our roster of international clients. We plan to

open an office in Melbourne, Australia in the second half of 1967.

Our Board of Directors is composed of ten of the Directors of our companies in England, Canada and the United States.

We exchange personnel between our offices. We have Englishmen working in New York, Frankfurt and Vienna. One of our American Vice-Presidents, working in London, was recently elected to the Board of our English company. Another has been appointed to head our German company. Our U.S. training program exposes nationals from our other offices to American marketing and advertising methods.

## New Management in 1966

The year 1966 marked the introduction of new management blood throughout our company.



ALAN N. SIDNAM Vice-Chairman, N.Y. JOHN ELLIOTT, JR. Chairman, N.Y. JAMES R. HECKIN, JR. President, N.Y.

John Elliott, Jr., 46, became Chairman of our U.S. company; James R. Heekin, Jr., 40, became President; and Alan N. Sidnam, 50, Vice-Chairman.

James Benson, 41, became Managing Director of our London company, succeeding Guy Mountfort, who had reached retirement age. Angus Ross, 46, became Deputy Managing Director. Donald Atkins continued as Chairman.

John Straiton, 44, became the President of our Canadian company.

Henry P. Bernhard, 39, from our New York office, became head of our German company, succeeding the late William Heumann.

An advertising agency is *people*. To keep our competitive edge, we take unusual pains to recruit, train and promote able young men and women. Of fifteen new Vice-Presidents named in the U.S. in 1966, fourteen were promoted from within. We believe this testifies to the effectiveness of our recruiting and management training programs.

## The Campaigns We Create

Our business is to create great advertising. It is hard work. While great advertising may sometimes result from superficial inspiration, it is more likely to be on target when creative minds are armed with *facts*—facts about the product and the market. We believe that consistently successful advertising is born of a marriage of painstaking research and creative inspiration.

We spend a higher percentage of our income on research than do most advertising agencies, and this expenditure is still going up. We view this as an investment to create better advertising for our clients and so strengthen our relationships with them.

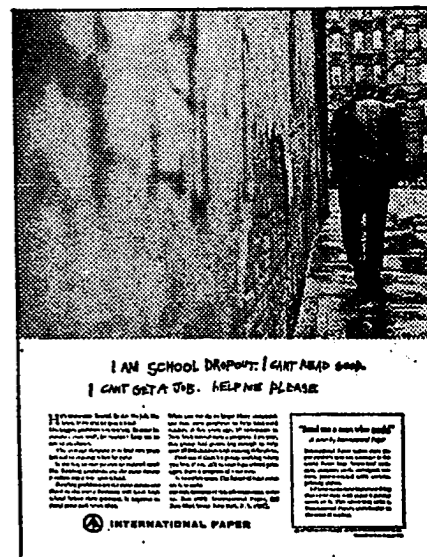
In 1966, we believe that Ogilvy & Mather International won more major awards for creative excellence than any other agency in the world. For example:

At the Venice International Advertising Film Festival, Ogilvy & Mather won more awards than any other agency.

In the 1966 "Saturday Review's" contest for "Distinguished Advertising in the Public Interest," Ogilvy & Mather won the two first places and *one quarter* of all the awards. Over the years, we have won 47 "Saturday Review" awards.



TV Commercial for SEARS, ROEBUCK First Prize 15th International Advertising Film Festival Venice



Advertisement for INTERNATIONAL PAPER First Place "Saturday Review" Awards for Distinguished Advertising in the Public Interest

Above, and on the facing page you'll find examples of our campaigns in 1966. These tiny reproductions hardly do justice to the advertising. But we wanted to give you as many reminders of our creative work as possible.

Last year, we produced 466 television commercials in the U.S. About 65 percent of our U.S. billings were in television. In Canada we produced 186 commercials, in English and French.

## A Diversified Portfolio

We are very proud of our roster of clients. They include many of the great names of industry throughout the world.

We have a highly *diversified* portfolio of accounts—more than 150 of them—ranging from groceries to gasoline, from toiletries to travel, from eggs to electronics. This kind of diversity makes for stability in our business.

Below we've listed our clients in the United States. We commend them to you.



Donald Atkins Vice-Chairman David Ogilvy Chairman

## Ogilvy & Mather Clients in the U.S.A.

American Express

Bristol-Myers

British Travel Association

Campbell Soup Company

Commonwealth of Puerto Rico

The Drackett Company

General Cigar Company, Inc.

General Dynamics

General Foods

Gillette Safety Razor Company

C. F. Hathaway

International Business Machines

International Paper Company

KLM Royal Dutch Airlines

Lever Brothers

Mars, Incorporated

Mead Johnson Nutritionals

Mercedes-Benz

Merck & Co.

Michaels/Stern

Morgan Guaranty Trust Company of New York

Nationwide Insurance Companies

P & O Lines

Pepsi-Cola Company

Schweppes (U.S.A.)

Sears, Roebuck

Shell Oil Company

Shell Chemical Company

Steuben Glass

Zippo Manufacturing Company