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Lawsuit Sparks Soul-Searching on Madison Avenue Over Diversity

Recent missteps and allegations paint unflattering portrait of the ad industry



Bloomingdale's apologized for an ad, shown in an image from Twitter, that some critics viewed as promoting date rape.

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Madison Avenue has long tried to move beyond the 1960s image of the advertising world depicted in the popular TV series “Mad Men,” with its sexist jokes, office affairs and nearly all-white workforce.

But a series of recent incidents and allegations paints an unflattering portrait of the industry, highlighting the lack of gender and racial diversity that still exists in the advertising and marketing business.

Last week, the male chief executive of ad agency J. Walter Thompson, whose clients

include Kimberly-Clark Corp. and Macy's Inc., was sued for alleged discrimination by a female subordinate who accused him of an "unending stream of racist and sexist comments, as well as unwanted touching." He denied the allegations in a statement provided by the agency. JWT, which was also named in the suit along with parent WPP PLC, said it was reviewing the matter and would respond at the appropriate time.

Interpublic Group of Cos. recently fired the top executive at its Campbell Ewald agency days after finding out about an email from an agency employee that invited colleagues to celebrate "Ghetto Day" with malt liquor, drugs and prostitution. Interpublic didn't give a reason for the firing at the time, and the executive didn't respond to a request for comment. A person familiar with the matter said Interpublic learned of the email only after it had been published in the trade press and the employee who sent it had been fired.

Other controversies have stemmed from ads themselves. One, in a 2015 Bloomingdale's holiday catalog, was headlined "Spike Your Best Friend's Eggnog When They're Not Looking," and featured a woman laughing with her head turned as a young man gave her a sidelong glance. The luxury chain, owned by Macy's, apologized for the ad, which some critics interpreted as promoting date rape. In 2014, Sony Corp. pulled an innuendo-laden online PlayStation video ad in which a female doctor asks "How many times did you do it yesterday?" It acted after bloggers and others criticized the ad as sexist.

According to data from the Bureau of Labor Statistics, African-Americans, which represent 11.7% of the U.S. workforce, accounted for 5.3% of the employees in advertising, public relations and related services in 2015, down from 7.1% in 2005. The industry has been more successful in recruiting Hispanics—16.4% of the nation's overall workforce; they accounted for 11.7% of the industry's jobs last year, up from 7.4% a decade earlier.

The percentage of women has stayed fairly steady at about half of the industry's employees over the past 10 years, largely in line with the overall population. But ad executives say relatively few women can be found in the upper creative ranks where advertising campaigns are forged.

"The numbers show it; we have a real problem" with the lack of women in creative posts, said Susan Credle, global chief creative officer of Interpublic agency FCB and one of the industry's highest-ranking female creative executives.

While the lack of diversity in Hollywood and Silicon Valley has attracted national attention recently, the ad industry has been grappling with the issue for decades.

“Diversity is a tough one. We have spent a lot of time and attention and resources and have very little to show for it as an industry,” said Bob Liodice, chief executive of the Association of National Advertisers, which represents many of the nation’s biggest brands. While ethnic diversity in the industry is “very poor,” he said the ad business has done a “pretty good job” with gender diversity.

Interpublic, which started formal diversity and inclusion programs in 2005, “has made significant strides in increasing diversity at senior levels across all minority groups and among women,” said CEO Michael Roth.

Even so, the lack of diversity worries some big advertisers. “I am sick and tired, as a client, of sitting in agency meetings with a whole bunch of white straight males talking to me about how we are going to sell our brands that are bought 85% by women,” Brad Jakeman, a top PepsiCo Inc. executive, said at a conference last year to a roomful of the nation’s largest advertisers.

In last week’s lawsuit, Erin Johnson, JWT’s chief communications officer, alleges that CEO Gustavo Martinez “publicly asked questions about which female staff member he should rape.”

The suit also claims that Mr. Martinez, a native of Argentina, made offensive remarks about African-Americans and Jews, such as referring to personnel at an airport as “black monkeys” and “apes” and telling a reporter, during a meeting Ms. Johnson attended, that he disliked living in New York’s suburban Westchester County because there were “too many Jews.” The suit says she complained repeatedly to executives at JWT and WPP, but nothing was done. She was put on paid leave last month.

In a statement, Mr. Martinez said: “I believe I lead this company with a collaborative and collegial style and did not create the kind of working environment that has been described in the complaint. I welcome the opportunity for the truth to come out.”

JWT client Kimberly-Clark declined to comment. Macy’s said: “We have no advertising agency of record; we work with many agencies, including JWT.”

“We need a lawsuit like this to break this issue wide open, because it will never change,” said Cindy Gallop, CEO of consulting firm IfWeRanTheWorld/MakeLoveNotPorn and a founder of agency BBH New York. “The reason this keeps happening in the industry is because the business is controlled at the top by white guys.”

Last year, in a survey of 328 women in advertising, 23% of the respondents reported that

they had personally experienced or witnessed sexual harassment; just 8% said the responsible party was punished. The survey was commissioned by the 3% Conference, a movement dedicated to building a business case for more female creative directors.

Nancy Hill, CEO of the American Association of Advertising Agencies, responding to the survey, said employers should take discrimination or sexual harassment claims seriously, fully investigate them and deal swiftly with offenders.

WPP, which has provided snapshots of its workforce, has said that 26% of its U.S. and U.K. employees in 2014 were minorities and that women accounted for 31% of executive leaders within its operating companies and 46% of senior managers overall. It didn't break down the numbers by ethnic groups or specific responsibilities. WPP says it has initiated a number of programs to develop female leaders and help close the gender gap.

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