Media fragmentation, recession, fed-up clients, TiVo—it's all trouble, and the ad business is caught up in the wake. **By Devin Leonard**

**BBDO, one of the most respected** ad agencies on Madison Avenue, has had a rude awakening. The agency is famed for its hip commercials like the Pepsi Twist spot, in which aging rocker Ozzy Osbourne watches in horror as his grungy children, Jack and Kelly, are transformed into... Donny and Marie Osmond! Recently BBDO worked similar wonders for Chrysler. Everybody in the auto industry is talking about its ads in which a redneck car fanatic dreams of winning a drag race with the driver of a new Dodge Ram pickup equipped with a Hemi V-8 engine.

Chrysler, however, isn't being very appreciative. George Murphy, senior vice president for global brand marketing for the Chrysler Group, complains that his company is spending too much on television ads. It galls him that the price of a 30-second commercial continues to rise at a time when the broadcast networks are steadily losing their audience—and when his own...
marketing budget is flat because the car industry hasn’t been able to raise prices for five years.

Because of that, Chrysler has been giving BBDO fits. It wants less of the agency’s expensive television ads and more Internet promotions, direct mail, and events that get behinds in the seats of Chrysler vehicles. "There’s definitely been erosion in the amount of money we spend on TV," Murphy confirms. The same could be said for the fees that Chrysler pays BBDO. In late May the agency eliminated 100 positions in its Detroit office.

It’s a whole new world for the advertising business—and a cold one. The cost of network television ads is rising faster than most corporate marketing budgets. The Yankee Group predicts that by 2007, 20% of the nation’s households will have personal video recorders like TiVs that enable viewers to skip television ads altogether. So companies are abandoning the old rules of marketing. You can’t log on to the Internet without being bombarded with pop-up ads. Virgin Atlantic Airways is running magazine ads on such heavy paper that you land on them every time you flip through the publication. Burger King has given a warped twist to its "Have it your way" slogan: it created Subservient Chicken, a website where you can give orders to a garter-clad hen in a dingy motel room. Coca-Cola, Nokia, and McDonald’s are quietly inserting sodas, cellular phones, and Big Macs into the videogames your children play.

You may find this new world strange and uninviting. Madison Avenue is enjoying it even less. Nearly every ad agency head repeats the same mantra: That is true—but most of the thrills are the result of things they would rather not talk about.

Many of the changes cascading through the advertising agency world stem from a wave of consolidation that has swept through Madison Avenue. Five years ago nine holding companies accounted for 55% of the nation’s publicly reported advertising and marketing revenues, according to media investment bank Veronis Suhler Stevenson. Since then, three of those companies have been devoured by their larger competitors. Today six companies—Omnicom, WPP, Interpublic Group, Grey Global, and France’s Havas and Publicis—are responsible for 60% of the sector’s revenues.

The recession bred more change in four years than the business has seen in decades. Publicis—were responsible for 60% of the sector’s revenues.

Just as this M&A binge was peaking, the business crashed headlong into the worst advertising recession since the Great Depression. Global ad spending plunged 7% to $440 billion in 2001. The agencies laid off 40,000 employees—19% of their workforce. There was virtually no growth in ad spending over the next two years. Bernstein Research, a Wall Street firm that tracks the stock market, estimates that spending rose by only 2.8% in 2003. Things are expected to get better this year, but Bernstein says that 2004 may be the fourth year in a row when advertising company stocks underperform the S&P 500, a first for Madison Avenue.

Why is Wall Street wary? The recession brought about more change on Madison Avenue in four years than the industry has seen in four decades. Until recently many agencies pocketed 15% of the cost of the media they purchased for their clients. In the past five years big advertisers like Chrysler and Unilever have done away with commissions entirely. Instead, the vast majority of clients now pay fees based on an agency’s labor costs. Worse, agencies must often negotiate not with their

PHOTOGRAPHS BY ERIC JOHNSON
clients' CEOs but with procurement officials who are used to dealing with vendors of staplers and file cabinets.

All those changes have brought about a deep shift in the balance of power on Madison Avenue. For decades the industry has been dominated by the "creatives"—the self-styled hipsters with the ponytails and open-neck shirts—who came up with ideas ("Coke is it?") that were translated into television, print, radio, and billboard ads. Beneath them toiled the media buyers, who wore suits and purchased television and radio time, magazine pages, and billboard space for clients.

Now the buyers are calling the shots. The reason is that holding companies have stripped out the buying divisions of their agencies and consolidated them into free-standing firms that use their clout to extract better media prices for clients. WPP's MindShare now handles all media buying for Unilever and American Express. Starcom MediaVest Group, a division of the Publicis Groupe, the French advertising conglomerate, does the same for Coke and Disney. Because of those deals, media buyers are providing the bulk of their parent companies' growth, while the creatives flounder.

Who will guide clients through the splintering media landscape? That's what the creatives and the buyers are fighting over now. The number of men between the ages of 18 and 34 watching prime-time television has declined 5% this season, according to Nielsen. Sixty-nine percent of U.S. magazines saw their newsstand sales slip last year, says Capell's Circulation.

WHY THE SCOOTERS HAVE POLKA DOTS
Target and others embrace stunts to cut through the clutter.

Target may not have a New York City store, but it still wanted to do business in the Big Apple at Christmas time in 2002. Its ad agency, Kirshenbaum Bond & Partners, came up with the idea of putting a store in a boat on the West Side waterfront. It sent out "crew members" on Vespa scooters covered in Target logos to hand out boarding passes.

Target isn't the only company trying to ambush consumers at a time when traditional ads aren't delivering the audiences they once did. Companies are more willing to experiment than ever. The result is some pretty arresting advertising—and you are likely to see a lot more in years to come.

When BMW rolled out the Mini Cooper in the U.S., its agency, Crispin Porter & Bogusky, didn't bother with TV commercials. It put giant pay phones and trash cans in airports, and hung Mini billboards beside them reading, "Makes everything else seem a little too big."

The agency hoisted a Mini atop an SUV and drove it around San Francisco. Polaroid went under the radar by sponsoring parties for the hip-hop duo OutKast. Its logo was nowhere in sight, but its agency, Euro RSCG Worldwide, handed out cameras to celebrities so that they could snap photos and shake them at each other as OutKast commands in its hit song "Hey Ya!" Coca-Cola also tapped the hip-hop crowd to bring street cred to Sprite ReMix. Cornerstone Promotion, its guerrilla-marketing firm, distributed new editions of out-of-print rap records on green vinyl with the Sprite logo to disc jockeys. "The DJs love 'em," says Rob Stone, co-founder of Cornerstone. "They've worn out all their old copies."

GUERRILLA TACTICS A Mini rides an SUV, while bikers plug Target and OutKast hawks Polaroid.
Like global warming, these developments have been predicted for years. But now they have come to pass. The creatives say they can help clients sell diet soda and detergent in this radically changed environment because, well, that's what they've always done. The buyers accuse their creative brethren of being addicted to television and print. They say they have a much deeper understanding of the new forms of media that clients are embracing, like the Internet, video on demand, and cellular phones. But does anybody on Madison Avenue have answers as the ground shifts under their feet? Randall Rothenberg, director of intellectual capital at Booz Allen Hamilton and a columnist for Advertising Age, doesn't think so: "We've gone from the era of mass production, mass merchandising, and mass marketing to the era of customized products and services. Media fragmentation is atomizing audiences. The advertising industry is having a terrible time adapting."

Peter Sealey, a visiting professor of marketing at Stanford University, describes the state of Madison Avenue in starker terms. He argues that the average ad agency CEO is as blissfully unaware of the perils his industry faces as a French cavalry lieutenant in 1914. "You ask him how things are going, and he says, 'Fine. Look at the horses. You like the horses?'" says Sealey. "Meanwhile, there's a goddamn German 200 miles away building the first tank."

"I love this business," says Donny Deutsch, CEO of Deutsch Inc., a New York ad agency. "If you landed here from Mars and you looked at the elements of society—commerce, pop culture, humanity—advertising defines us more as a civilization than anything else out there. It's selling in its most grotesque obviousness. It's human manipulation. Yet it's charming. It's something we all participate in. It's what drives television to exist. It's what drives people to stores."

Deutsch is probably America's best-known adman. He hosts a CNBC talk show. He has appeared on The Apprentice, his friend Donald Trump's reality show. Like the real estate developer, Deutsch is quick to brag about his success. Sitting in his office in lower Manhattan, his loafers up on the coffee table, the 46-year-old drops the names of clients: Johnson & Johnson, Old Navy, Mitsubishi Motors, Revlon, Expedia, and Coors. He has also made himself very rich. In 2000, Deutsch sold his agency to Interpublic in a deal valued at $265 million.

Unlike a lot of his peers, Deutsch doesn't mince words when he talks about what has happened to Madison Avenue. He says consolidation has come with a price. "A lot of the great independent spirit that has driven this industry has gone by the wayside."

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These men presided over shops that cranked out ads like assembly lines. Those, of course, were the days when you could reach 90% of the country by running prime-time television commercials. So media planning was far from rocket science. A typical campaign could consist of two television commercials and a handful of magazine ads. Shelly Lazarus, now CEO of Ogilvy & Mather, joined the firm in 1971. "Most of what we were advertising at that time was directed at women," she recalls. "You had Good Housekeeping, McCall's, and Ladies' Home Journal. You made your selections there, you made your television commercials, and you were done." Media buyers had little say in the process. WPP’s media czar, Irwin Gotlieb, who oversees $33.7 billion in spending as CEO of GroupM, spent his early years as a buyer for the now defunct Benton & Bowles. He regularly attended meetings with his peers to discuss campaigns, and he says the creative people rarely missed a chance to put him in his place. "Typically," recalls Gotlieb, "the creative guy would lean over to me and say, 'Listen, I don’t do radio. Don’t you dare put any radio on the media plan!’" Gotlieb knew better than to argue. If he bought radio time, the creatives would simply "forget" to furnish the ads.

It was a strange way to do business, but Madison Avenue was a world unto itself. Perhaps the best evidence is that clients didn’t compensate their agencies directly for their work—they paid a 15% commission on media purchases. So every time an ad appeared on television—and many ran for years—a cash register rang on Madison Avenue. Rosser Reeves, the late chairman of Ted Bates & Co., once bragged that the maker of Anacin spent $86.4 million running a commercial he sketched out on the back of a napkin and featuring a picture of a hammer beating inside a human head. The commercial cost Bates $6,200 to produce.

The remarkable thing is that this entire system remained in place long after Bernbach, Burnett, and Ogilvy left the stage and a new generation took over. The new CEOs—trained in finance, not copywriting—set about transforming Madison Avenue from a fiefdom of boutiques to an industry dominated by powerful holding companies. In 1987, WPP acquired J. Walter Thompson in a hostile takeover. Two years later it devoured Ogilvy & Mather. Doyle Dane Bernbach merged with Batten Barton Durstine & Osborn (now BBDO) to form Omnicom. The new holding companies bought public relations firms, event marketers, and Internet startups. They also bought more ad agencies. In 2000, WPP bought Young & Rubicam in a deal worth $4.7 billion. The following year Interpublic acquired Trac North, parent of Foote Cone & Belding, in a $2.1 billion transaction. "It was like an arms race," says Advertising Age's Rothenberg.

Because of all those deals—and because of the advertising frenzy driven by the Internet bubble—annual U.S. revenues of the top seven public holding companies swelled by 44%, to $23 billion, between

1998 and 2000, according to Veronica Suhler Stevenson. Operating income soared 65%, to $2.8 billion. Their stocks performed with similar élan.

But ad agencies were able to continue churning out television and print ads as if it were 1965. The creatives were in control. The media buyers languished in the least desirable offices. The commission system was in its final days, but even in 2000, 21% of clients paid their agencies a percentage of media billings. It would take something cataclysmic to change Madison Avenue’s insular culture, and that was not long in coming: the most horrible ad recession in more than half a century.

Ed Meyer, CEO of Grey Global Group, the industry's sixth-largest ad holding company, addresses his clients. Procter & Gamble has been with Grey since the mid-1950s. Brown & Williamson Tobacco has been a client for four decades. "Once they walk in the door, they never leave," says the 77-year-old CEO proudly. But after the ad market crashed in 2001, Meyer's clients did something that he will never entirely forgive. They brought in people from their procurement department to negotiate contracts with his company. "They don’t understand our business," Meyer says bitterly.

You hear the same lament everywhere on Madison Avenue. Before the arrival of the procurement people, agency heads drew up contracts with CEOs or corporate marketing officials with whom they had strong bonds. They guffed together. They attended awards ceremonies together. The purchasing agents were a different breed. They were used to beating down suppliers of cardboard and plastic bags. They didn’t care about an agency’s Clio awards. They didn’t want to be told about the brand-building power of a Super Bowl commercial with Britney Spears. They wanted to haggle.

For many agency heads, this was a profoundly disillusioning experience. The first thing to go was the last vestige of the commission system. The procurement people insisted on paying agencies a fee based on labor costs with a negotiated profit on top. But that was only the beginning of the discussion. Says Meyer: "The procurement people come in and literally ask, 'What is the average salary of each level of your employees? What's the agency's overhead? Do you count vacation in the overhead?' They perform massive audits, in effect.

Procurement people make no apologies. Susan Curatola, Unilever’s North American director of supply management for nonproduction items, says her company pays a "significant" amount of money every year to its agencies and expects the same kind of transparency it gets from other vendors. "We simply apply the same approach to marketing," she says.

Nevertheless, some procurement people are squeezing their ad agencies in ways that their marketing department associates never would have dared. Last year DuPont’s purchasing department made agencies competing for its consolidated advertising account bid against one another in a live online auction. The winner of the $70 million account was Ogilvy & Mather. Scott Nelson, DuPont’s global brand manager, is quick to say that price wasn’t the only deciding factor. But it was painful for some people in the advertising business to see the late David Ogilvy’s agency treated like a furniture vendor.

Agency heads are trying standing up to their clients’ procurement departments, without much success. Donny Deutsch severed his ties with Pfizer after a dispute over how much the agency was billing the chemical company for salaries. Deutsch says his former client wanted him to reveal how much he was paying individual employees. "If
agencies just refused, we could stop this," Deutsch says. "Yet agency people go, 'Okay, okay.' Then they can't figure out why they're down to a tiny margin business. It's this ridiculous cycle." (Pfizer says it requests such information only when it wants an independent auditor to make sure the company isn't being overcharged.)

"Agencies have totally lost their pricing power," says Ed Atorino, an analyst at Blaylock & Partners. Though spending began to recover in 2003, most ad companies didn't see any meaningful growth. Omnicom had organic (non-acquisition-related) revenue growth last year of 4.6%. Publicis reported organic growth of 2%. But WPP reported an anemic 0.7% increase. Interpublic had a 3.6% decline. Havas posted a drop of 3.7%.

Some of them have continued to lay people off. Interpublic, busily selling assets after losing $425 million last year, said in March that it had reduced its headcount by 3,500 positions, or 7% of its workforce. Havas said it had cut 2,011, or 11%.

There has also been widespread turnover at the top of agencies. There are new CEOs at BBDO, Young & Rubicam, J. Walter Thompson, Interpublic's McCann-Erickson, and Havas's Euro RSCG Worldwide.

**THE LITTLEST SKEPTICS**

At one Atlanta school, fourth-graders get even harder to reach.

**As if the advertising industry didn't have enough trouble already, a new development is catching on in schools: programs to "ad-proof" children.**

Judy Aspes, an early-learning psychologist, conducts one such media literacy effort at the private Galloway School in Atlanta. This year she had fourth-graders study the advertising and nutritional value of their favorite foods. They were shocked to learn that manufacturers don't always have their best interests at heart. "When I saw how angry they were, I thought, 'There has to be something they can do,'" Aspes says. So she had them write the companies.

"I love your food... but I am very disappointed," Jenica Ghorashi, 10, wrote Burger King's CEO, Brad Blum. "Your mouthwatering small milkshake, which I thought was healthy, is 620 calories and 32 grams of fat. Since you aim so many commercials at children, I believed you cared about our health." Burger King says it recently halved the butterfat in a small chocolate shake—it now has 410 calories and 13 grams of fat.

"I love the taste of Coke, but I was wondering if you could add some calcium and vitamins to your drink," wrote Andrew Harton, 10, to Steve Heyer, then Coca-Cola's president and COO. Altogether the kids sent 35 letters to a dozen companies. They got two impressive personalized responses from Chick-fil-A president Dan Cathy, who told Danny Kreus, 9, that he was test-marketing a fruit cup, and Alex Kitchen, 11, that a whole-wheat bun is a "wonderful idea" he hopes to one day adopt. The class got a pair of matching form letters from McDonald's and the same from Pizza Hut, although, mysteriously, Pizza Hut sent a $10 coupon to Kyle Edson, 10, and only a $5 coupon to Hannah Holot, 10. (Some classmates suspect that's because she's a girl.)

These now-savvy consumers disapprove of relentless beer advertising during sporting events (which studies indicate creates positive attitudes toward drinking in young children). "We're getting to the age where we watch a lot of sports, you know," says Andrew Harton seriously. They are quick to sniff out hypocrisy. "My dad and I always wonder why McDonald's sponsors the Olympics," says Chris Burke. "Which Olympic athletes eat at McDonald's?"

Aspes says she isn't trying to make the kids jaded. "But we work so long and so hard on teaching the children good decision-making. They need to look with a critical eye. It's easy for any of us to be blindsided by advertising." —Betsy Morris
"These have not been the best years," sighs Ogilvy’s Lazarus. "We’ve been through procurement. There are certain agencies where people haven’t gotten bonuses or raises in years. It takes its toll."

**Madison Avenue’s** long-suffering media buyers will look back on the recession very differently. “This is kind of the revenge of the nerds,” says David Verklin, CEO of Carat North America, one of the big U.S. media-buying operations.

Indeed it is. Since the 1970s, U.S. media buyers have watched enviously as their counterparts in Europe formed freestanding companies that purchased television and radio time for clients. Their agency bosses resisted such a separation of powers. They may have looked down on their buyers, but they didn’t want to lose the revenue the buyers brought in.

Then, in the late ’90s, European buyers like Carat began to make inroads in the U.S. market. The response of holding companies with U.S. ad agencies was swift. In 2000, Omnicom stripped out the buying divisions of BBDO, DDB, and TBWA/Chiat/Day and merged them into the U.S. division of OMD. WPP consolidated the buying arms of J. Walter Thompson and Ogilvy & Mather into the U.S. arm of MindShare, its global media-buying operation. Leo Burnett’s old shop, now called Boom3, joined its two media-buying divisions, creating the Starcom MediaVest Group.

Media buyers offered something that every corporate procurement executive could understand: cost savings. Gillette and Unilever consolidated their media buying and planning with MindShare. McDonald’s and GE opted for OMD. Pfizer and Philips chose Carat. Coke, Procter & Gamble, and Disney turned to Starcom MediaVest, which also created a special division, GM Planworks, to handle all the media planning for Detroit’s largest automaker.

The buyers became the darlings of their holding companies, giving them revenue growth in the darkest hours of the recession. “In August 2002 our revenues in the U.S. started to go positive,” says WPP CEO Martin Sorrell. “The strongest part of our business from this point onward was media planning and buying.”

The ascension of the media buyer completely disrupted Madison Avenue’s old assembly line. “We’re getting to the point where the media plan is done first, and the creative is developed behind it,” says Verklin. “That is a radical vision for the advertising business that would have been unheard of five years ago.” He adds: “We used to be the dorks. Now we’re driving the whole advertising process.”

That boast unnerves the heads of traditional ad agencies, who fear they will be reduced to purely “creative” agencies. Bob Jeffrey, CEO of J. Walter Thompson, argues that clients get better campaigns when agencies such as his control both media planning and the creative side. He points out that J. Walter Thompson still does Ford’s media buying and planning. Jeffrey argues that the result has been “breakthrough” ideas like the music videos on *American Idol* in which contestants drive Ford cars and SUVs. J. Walter Thompson also arranged for Ford vehicles to be written into the script of Fox’s *24* to thwart TiVo users.

Media buyers aren’t threatened in the least. They, too, are doing product placement. They are creating entire television shows. MindShare recently struck a deal with ABC to jointly produce a prime-time drama called the *Days*. Its clients will have the exclusive advertising rights on the show.

**Ultimately**, though, everybody on Madison Avenue is wrestling with the same demons. The old forms of media on which they relied for years are rapidly losing their grip on consumers. Young men are skipping *Everybody Loves Raymond* to roam the streets as mobsters and pimps in Grand Theft Auto: Vice City. Standing behind those prime-time dropouts is a generation of teenagers for whom television is little more than background noise. According to

**MEDIA BUYER** Renetta McCann, CEO of Starcom, says creatives who keep pushing TV commercials are stuck on “that 30-second, half-a-million-dollar thing.”
a study that MindShare conducted with Arbitron, 67% of teenagers between the ages of 13 and 17 sometimes explore the Internet while watching the television. Sixty-six percent sometimes read magazines while the television is on. Fifty-six percent are instant-messaging. Thirty-four percent are also listening to the radio. That means they are bombarded with more advertising than any previous generation. But how much of it actually sticks?

The thought has clients in a panic. “The traditional marketing model is broken,” Jim Stengel, Procter & Gamble’s global marketing officer, told ad agency executives at an industry conference in February. Traditional agencies cling to the hope that if they just make better ads, people won’t TiVo them. “If you entertain consumers, they will seek you out,” says Ken Kaess, CEO of DDB, the agency responsible for such memorable campaigns as Budweiser’s “Whassup?” spots. But media buyers aren’t so sure. Renetta McCann, CEO of Starcom North America, says mockingly that her creative colleagues keep pushing that “30-second, half-a-million-dollar thing.” She says that at a time when people are communicating through BlackBerries and consuming digital media on their wireless broadband-enabled laptops, ad agencies must be able to come up with something more groundbreaking.

So media buyers are taking it upon themselves to investigate the new forms of media and help clients find their way through the fragmenting media universe. Grey’s MediaCom Worldwide calls consumers on their cellular phones to find out what kind of media and advertising they are exposed to at that very moment. WPP’s Mindshare is distributing 20,000 PDAs that beep every 30 minutes and make similar inquiries. (Maybe if you’re watching TV, surfing the Internet, instant-messaging, and listening to your iPod, you don’t mind having a PDA beeping at you on the half-hour.)

These efforts are in their infancy, but the early results suggest that the transition to new media won’t be easy for Madison Avenue. Alexander Schmidt-Vogel, MediaCom’s CEO, points out that videogames, DVDs, iPods, mobile phones, and BlackBerries are largely ad-free media. “The amount of time people spend consuming media is growing, but the share of advertising possibilities is shrinking,” Schmidt-Vogel says. He adds that in most cases, there is no way to measure the effectiveness of advertising through these new media (though Nielsen has announced that it will track consumers’ exposure to product placements in videogames).

That leaves advertisers with a stark choice: Can they venture forth into this strange new frontier, or can they stick with television and print, which still deliver large, if diminishing, audiences. They have generally taken the latter path. Internet ad spending grew 20% in 2003, to $7.2 billion. But it accounted for only 5% of the total $145.9 billion spent in the U.S. on ads. By contrast, spending on TV advertising was flat last year—at $45 billion.

Summer Redstone, CEO of Viacom, CBS’s parent company, likes to say that broadcast networks such as CBS are actually more valuable in an age of fragmentation. He argues that they are one of the few places that still deliver anything resembling a mass audience. There’s some truth to that. Morgan Stanley analyst Richard Bilotti expects CBS to raise the prices yet again in this year’s up-front market. You’d think Mindshare, Carat, and OMD might have been able to use their clout to rein in the networks. But so far they haven’t had much success.

No wonder so many companies are frustrated when it comes to advertising. They may not be able to take out their grievances on the likes of Redstone, but as we’ve seen with Chrysler and BBDO, they sometimes take them out on their ad agencies.

**Ad agency executives take comfort in the thought that things can’t get any worse. But they do worry about the perception that Madison Avenue has become a depressing place to work in the past four years. Actually, it’s more than a perception. Euro RSCG Worldwide recently commissioned a poll of ad agency employees and found that the majority of respondents complained that their agencies had become weaker, that people in the business weren’t treated respectfully by clients, and that financial pressures made industry people “too scared to take risks.”**

After much deliberation, the American Association of Advertising Agencies came up with the idea of Advertising Week in New York City, an event next September intended to restore some of Madison Avenue’s lost glamour. “I think one of the issues is we did a lousy job as an industry of selling ourselves,” admits Kaess, the event’s chairman. “It wasn’t that we weren’t cool. We weren’t letting people know we were cool.” There will be splashy exhibits of public service advertising at Grand Central Station. Tony the Tiger will ring the opening bell at one of the city’s stock exchanges. The most highly publicized event will be the induction of some of the advertising world’s most cherished icons into the new Madison Avenue Walk of Fame. Who will the lucky cartoon characters be? The Jolly Green Giant? Smokey the Bear? The Keebler elves? Mr. Peanut? “The public will choose from 26 nominees in a national poll conducted by USA Today and Yahoo. “We need to enjoy ourselves instead of spending all this time beating ourselves up,” says Tom Carroll, CEO of the Americas’ TBWA/Chiat/Day.

It wouldn’t hurt Madison Avenue to be a little reflective, though. So much of Advertising Week celebrates a vanished era when eccentric craftsmen ruled the business, media buyers knew their place, and 90% of the public watched prime-time television. Yes, that was a better time for many people in the industry. But it’s gone.

It’s not hard to draw parallels to the music industry. Like their Madison Avenue brethren, music industry people get misty-eyed when they look back at the era of the Beatles, the Rolling Stones, and Bob Dylan. Unfortunately, the record companies never came up with anything better. They coasted for years on revenues that rolled in when consumers replaced Dylan records with CDs. Instead of developing the same kind of enduring acts, it stamped out CDs by rap artists, few of whom were good for more than two releases. Then technology turned the world upside down. We all know what happened next.

The ad industry is in a similar position now. Is TiVo Madison Avenue’s Napster? Is there some way to advertise on an iPod? It won’t be easy to solve those riddles. But surely the best way for Madison Avenue to begin is to let go of the past.