

ALL YOU NEED IS LOVE

saatchi & saatchi ceo kevin roberts says branding is over. what's next?

British advertising guru Kevin Roberts is the kind of guy who'd bring a real live lion to a business meeting. He did that, in fact, when he first met with the financial analysts at Lion Nathan, a brewer in New Zealand. "I can tell you from that day on," he writes in his new book Lovemarks: The Future Beyond Brands (powerHouse), "no one in the company ever forgot the lion in Lion Nathan." They didn't forget the man who brought the animal into the room either. Starting modestly as a brand manager for Mary Quant in 1969, Roberts today is the Worldwide CEO of Saatchi & Saatchi, where he brings experience working in the Middle East and Asia to a company that's redefining itself in the post-branding era. No longer just an advertising agency, Saatchi & Saatchi is breaking new ground, Roberts, 54, says, and he has persuaded a group of corporate giants like Procter & Gamble, Bristol-Myers Squibb and Visa International to go along with him. Making them socially responsible is his core concept—and what Lovemarks is all about.

David Herschkovits: How did you arrive at Lovemarks or what you call "the future beyond brands"?

Kevin Roberts: Sheer naked fear. Six years ago I came to Saatchi & Saatchi and was looking at the world of marketing. I thought, "Brands are dead. We're going to go out of business here." So I started to think about what comes after brands. Nothing had happened in 34 years. All the brands were the same. They'd become commodities. The whole airline industry, for example, had been completely commodified. Delta, United, US Airways, American—those were crap experiences. They were all losing money. Then I saw brands like Southwest and JetBlue come out of nowhere. What were they doing differently? I thought I knew the answer: Great brands are ones you can really trust, like Tide. You can always count on Tide. It will never let you down. I called the idea "trustmarks" and was very pleased with myself. I wondered how I was going to launch the concept. Five years ago, the grooviest business magazine was *Fast Company*. I phoned the founding editor Alan Webber and said, "You guys don't write much about brands. I've got the future beyond brands: 'trustmarks.'" After I'd talked to him for around an hour, he said, "No, it's not good enough." As you can imagine, I

was terribly disappointed. I went home that night to my empty loft in Tribeca—my wife was over in New Zealand. Feeling sorry for myself, I cracked open a bottle of 1988 Lafitte. It was a consolation prize. I was alone in New York, my wife was away, no one liked my idea, and I felt like shit. I started doodling hearts on a napkin, opened a second bottle and thought, "Shit, the biggest emotion in life is love. I love my wife. I love alcohol. I love your last issue [of PAPER]." I wrote down "Lovemarks" on a napkin at 3 a.m. I woke up the next day and called Alan Webber. He said, "You got it."

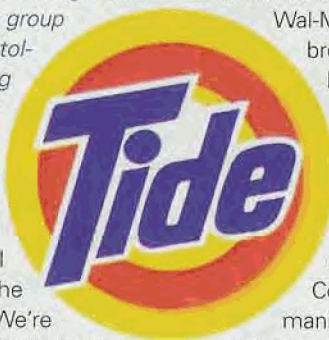
DH: How does the message translate to the market?

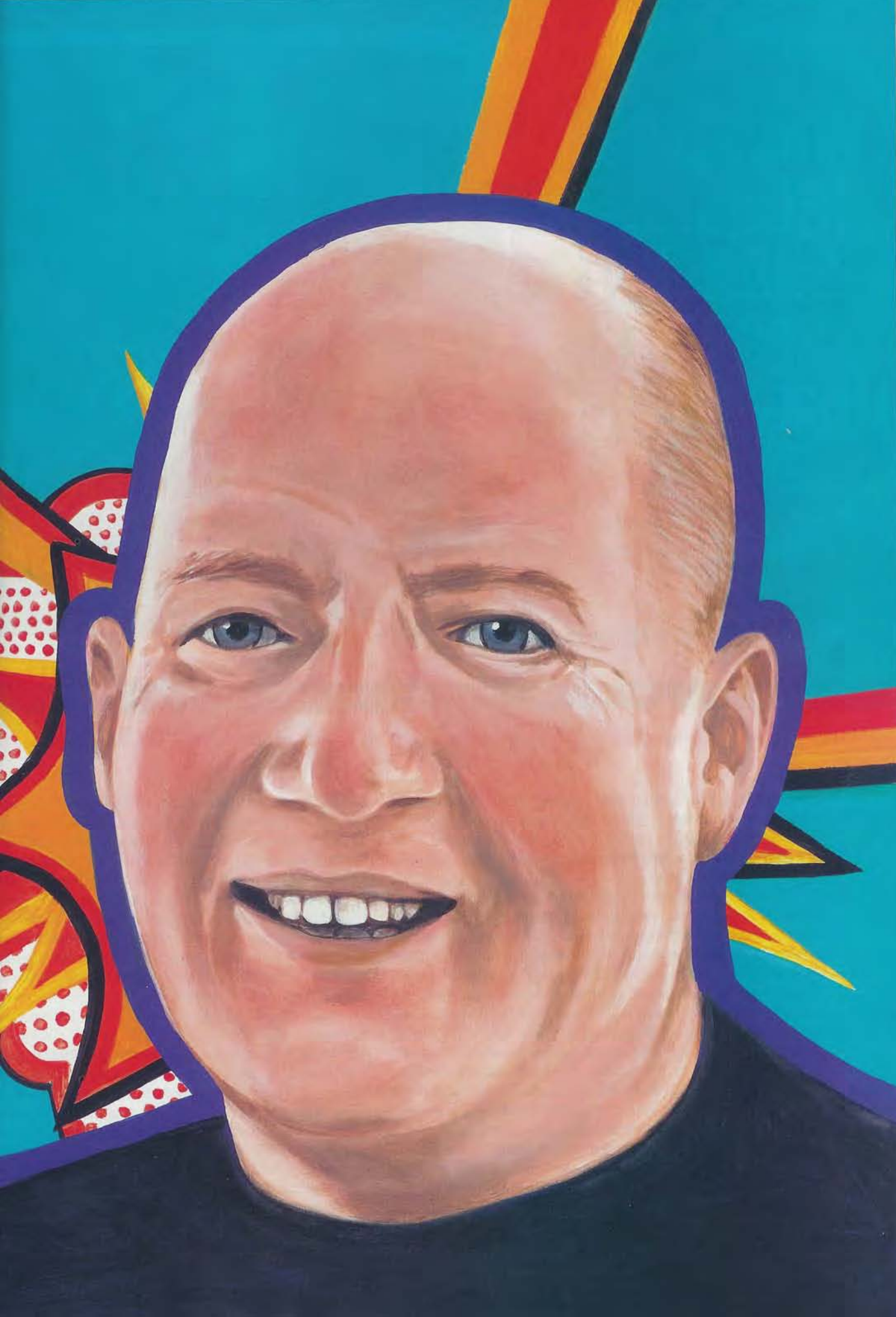
KR: I grew up in the '70s and '80s, when the manufacturers held the cards. Then in the '90s the retailers took over—Costco, Wal-Mart, Target. Those guys became the big power brokers. Now it's over. The consumer has the power because of the Internet. And the consumer is bored to tears with what I call the "er" words—bigger, brighter, whiter. It's all bullshit. They're all superlatives with incremental differences. There is no such thing as crappy coffee anymore. There is no such thing as bad beer unless you live in America. Cars are safe. French fries are crispier.

Consumers are very smart today. They will not be manipulated, so the company cannot hide behind its brand name. We know how Nikes are manufactured, and we can make a choice about whether to buy a pair. I think consumers are saying, "First of all, you've got to be really, really authentic and true, because I can get anything anywhere, straightaway. Yes, I know that you're going into business to make a profit. I'm not stupid. But if you're not socially responsible, ethically responsible or environmentally responsible, I'm going to challenge you. And maybe I'm going to punish you."

DH: What should the role of the CEO be today?

KR: The CEO needs to make sure that the enterprise is sustainable, which means that he's got to take a real stand on social and environmental issues. I believe the role of business is to make the world a better place for everyone. It is not to create shareholder value. That's crap. We work with Toyota. I'm so proud of Toyota introducing Prius. I've bought two. It gets 55 miles to the gallon. It is environmentally fantastic. It is a thing of beauty. It is





WHEN YOUR
POPSICLE
SUDDENLY
BECOMES
JUST A STICK.



It goes beyond clean



"CONSUMERS ARE SAYING, 'I KNOW YOU'RE GOING INTO BUSINESS TO MAKE A PROFIT. BUT IF YOU'RE NOT SOCIALLY,

the right thing to do. And Detroit isn't doing it. At the moment, capitalism as practiced by Americans is the capitalism of exclusion. We've got to find a way to include the 2.3 billion people who make less than \$2 dollars a day. We've got to include AIDS sufferers. We've got to include Islam.

DH: Can the United States as a brand regain the love it has lost?

KR: The U.S. was the world's biggest Lovemark in the 1900s. And that continued for many years. Now we've done a big survey around the world and found three countries that are global Lovemarks: Italy, France and Ireland. Why did the U.S. lose its way? It exported Coke; it exported McDonald's; it exported Starbucks; it exported Hollywood; it exported Disney. There's no mystery anymore. It also became a bully, and no one loves a bully. There is no need for that, you know. We looked at Lovemarks among American leaders. Since the war there's been one Lovemark for America, JFK. To Republicans, Reagan was a Lovemark. To Democrats, Clinton was a Lovemark. But globally, Kennedy is the one. In the U.K. it's Winston Churchill. The horrible thing is we did a survey of the world's leaders today, and only one was universally loved—Nelson Mandela. The good news is, thank God we've got Mandela. The bad news is that he's not in power. That's a real political problem.



CHRIS FANNING

DH: Can the U.S. do anything about its image?


KR: You've got to break out of the Bush-Clinton dynasties first. Jeb is going to get a crack, then Hillary is going to get a crack, and then Chelsea will get a go [laughs]. We must have a strong America in the world, because America is in many ways the land of entrepreneurship, innovation, ideas and good stuff. They still come from here. What you need is more Colin Powell and less Rumsfeld. You need your ambassadors around the world to play a role. They've just disappeared from view. You've got to stop kicking the shit out of the U.N. and work with it. You've got to become more inclusive in the worst way.

DH: How are you working with your clients to help foster a capitalism of inclusion?

KR: We're going to get big corporates like Procter & Gamble to make big commitments. We're going to say, "We want you to bring a lot of your research and development offshore. Instead of doing a lot of it in the U.S., lets go do it in India, Nigeria, Taiwan." The big guys are receptive.

DH: Many of the global companies you work with are often regarded as the bad guys.

KR: Absolutely. It's not true, of course, but the opportunity for them to make a difference is enormous. What I'm trying to convince them of—with some degree of success—is



THE fact is THAT Lovemarks
are CREATED and OWNED
BY THE PEOPLE WHO LOVE
them. WHERE YOU HAVE
A CUSTOMER in LOVE,
you have a Lovemark.

ETHICALLY OR ENVIRONMENTALLY RESPONSIBLE, I'M GOING TO CHALLENGE YOU. AND MAYBE I'M GOING TO PUNISH YOU."

that people are pissed off with corporate fat cats and all the scandals, so you've got to be very clean. You've got to have a social point of view. You've got to create jobs. Boy, you've got to really think better than outsourcing. You've got to un-level the playing field so that small entrepreneurial outfits can win. Because I believe the future will not be with big corporates. I think we live in the local. I have never met a global consumer. We define ourselves by the local.

DH: You also have experience in China.

KR: We're the biggest agency in China.

DH: There seems to be an opportunity to introduce a reverse-engineered version of capitalism there, since the Chinese appear open to it.

KR: What I think is fantastic is that this reverse engineering of capitalism, as you call it, allows them to jump ship. They've got some of the highest mobile-phone usage in the world, but they didn't lay any landlines. Fantastic. They don't have to go through an industrial revolution. They can fly to the top end of technology immediately. Very exciting. They're graduating 28,000 students from Peking University every year. For the moment India is the smart nation, right? But in five years . . . boy, these Chinese. In our MBA program, 36 percent of the students are Chinese. The Chinese government pays \$30,000 a year to send each of them over. Then they go back and immediately go work in the private sector. They

are investing heavily in their young people. They're going to be the second biggest everything within a decade.

DH: Do you think that will mean social and democratic reform?

KR: It's going to be slow. China has a large problem of overcapacity, a big labor problem, a lack of training and a huge rural problem in terms of capability. The automobile industry will start exporting from China. And America won't like that. They'll put in Toyota labor standards with Chinese labor costs. What's that going to mean to Detroit? So it's going to be a very tough thing. On a geopolitical level, you're going to see China and India facing off too. People are talking about what's going to happen to U.S.-China relations. I think that's a 50-year question. The 20-year problem is going to be China and India. Those are two big boys. They're very close to each other, and they've both got nuclear capability. And they've both got economic capability.

DH: How will the Lovemark philosophy be reflected in the work coming out of Saatchi & Saatchi?

KR: Anything that comes out of S&S—whether it's for Toyota, Tide or Olay—will be based on Lovemarks theory. There'll be some mystery in it. It should appeal to your senses, and it should be very connected and intimate. We believe that in this world of insecurity, of vulnerability, of fear and crap, that people want to make emotional connections. They want to have a relationship, not a transaction. ★