

## ***All You Need Is Love***

**The wine industry should be selling a dream, but instead it is selling on price, laments Kevin Roberts, ad-man extraordinaire and CEO of Saatchi & Saatchi. Commodity marketing is not the way forward he tells *Roger Brownlie***

Kevin Roberts has not always been an ad-man, more of a brand-man. From Gillette to Proctor & Gamble, and most interesting for us, Pepsi Cola and CEO of Lion Nathan, Roberts has much to say on brands, and drinks brands in particular.

But New York based Roberts, now CEO of Saatchi & Saatchi, wants a stab at the wine business, specifically a brand account. He likes a challenge you see.

“I’d love someone to call me up and say I dare you to have a go at our brand. We won’t do it for the money though. We’d do it for the fame and to show what can be done. We want to help,” says Roberts, his accent a curious mixture of Lancashire, Kiwi and New York.

But are we ready to unleash this man upon the civilised wine world? Legend has it, at a black-tie corporate dinner in Canada, Roberts, then president of Pepsi Canada, stood up to speak. A Coke machine was brought out. Roberts reached behind him, pulled out a machine gun, and began blasting the Coke machine. They were only blanks, but you get the picture. He’s aggressive and openly courts controversy.

These days Saatchi & Saatchi pitches itself as an ideas company, not an advertising agency. Presumably then, it’s a source of good ideas. So having worked in the drinks industry for a large portion of his career I asked him for his initial thoughts on wine branding. He forced a loud, derisive laugh.

“Wouldn’t it be great if there were some?” he says.

“The creation of big brands, which took place post-war, particularly in the 70s and 80s, is all over now,” he explains. “You’ve seen power switch, no matter what industry you’re in, from brands when I was growing up, to retail. But it’s all over for retail too, which I am happy to report, because power has now switched to the consumer. The consumer is now more informed, has more choice, and more knowledge.”

So it seems that just as wine companies have caught up to create brands, consumers’ expectations have moved on. If consumers are savvy to the concept of brands, what will be next?

“The difference between any brand in any category now is so minimal that the consumer is saying, ‘You’ve got to connect with me emotionally, because I already understand that my beer is going to taste great and quench my thirst, or if I buy an anti-dandruff shampoo it will get rid of my dandruff’.”

From my experience with beer, and I now do work for Carlsberg, Tetley's and Holsten in the UK, they are all close in performance terms. They are all 5% alcohol, they all taste pretty good, and consumers know where they are on the bitterness scale. So the difference is in branding and marketing and in the amount of money they spend. Spend is massively important. That's why I think consolidation is a good thing. Budweiser spends 10 times more than the entire wine industry. Well, guess what – advertising works.”

As an ad-man Roberts would say that. Consolidation will release more cash for marketing and the structure of the industry will alter irrevocably. But how will the industry of the future look?

“Now I think some spirits have been incredibly well marketed. But I think the wine industry just hasn't had the money to do it well and this is why consolidation will be good for it. It is undercapitalised. In any developed market you have five very big players and a hundred niche players but the middle will disappear. And that is good for consumers. Right now you have a wine industry that's full of middle players.

### **The boss**

“I look at the wine industry and you are mired in the commodification of an industry. You all use the same box, or bottle, the same cork. The problem with bag-in-box is it has given the category a low price. You are now encouraging retailers to sell wine by price band! This is appalling. The consumer is not boss in the wine business. The consumer is treated with disdain. You have sold yourselves to the Mammon of volume and the retailers are lapping it up.

“If you are female then you are completely ignored. Women drink 60% of wine and buy 77% – but you wouldn't think so. And if the wine is made in France then you are treated like a philistine. You can't read the label!”

Now that hurts, more so because it might be true. Roberts does like a rant, and much of it comes in well prepared soundbites but he also cares about the category and hates to see missed opportunities. Nevertheless, the wine industry is an easy target and it's easy to stand on the sidelines hurling insults. So what is to be done and where are the opportunities? Moreover, what would Roberts do should he be offered a brand to play with?

“Wine has got to double its per capita consumption. It's letting young consumers escape. Why on earth are we letting all the RTDs take business which spritzers should have owned. It is one of the world's greatest missed marketing opportunities. The wine industry should have been right in there when Bacardi Breezers took off. It hasn't innovated remotely in that respect. The key here is to increase consumers, not production. And this takes innovation not vines.

“The best piece of marketing that has been done on wine is the Sideways movie. Just like Top Gun was the best ever recruitment advertisement for the US Air Force. Why isn't the

wine industry crawling all over Hollywood looking for product placement? Starbucks is getting into music. They made the recent Ray Charles album. 21% of that record was sold in Starbucks and it went to Number One. What's wine got to do with music? Nothing. Neither has coffee. Yet when you think about it, any good restaurant has lights and music. You only see wine marketed with food – now how original is that? Bring me the bucket.

“If you look at the power of the French or Italian soccer teams, those guys don't drink beer, unlike the lager culture in the UK. They drink wine after a game. Even their rugby teams drink wine. Why aren't you using that for marketing?

## **Multimedia**

“Everyone who drinks wine is computer literate. And what are we doing with that technology? Have you ever been into some of these wine websites. They are embarrassing. Likewise, mobile phones. These are the greatest gift to the wine industry. They should be calling you, or texting, ‘Would you be interested in hearing when your favourite wine is on special offer? Would you be interested in hearing when a tasting is near you? Would you be interested in hearing from me first about a limited edition vintage? Would you like to see how your grapes are harvested?’ What an opportunity, but are they being used? No.

“Look at wine labels. They are not interesting, no story. There is technology now where you can run a mini movie on the label of a bottle, or as merchandising, showing where it was grown – the story. Don't tell me people wouldn't flock to that.”

And just when you think Roberts is winding down, he remembers something else that bothers him. “I am a big supporter of New Zealand pioneering screwcaps. And that is a really good innovation and a brave one with all the image baggage of screwcaps. But they haven't done it quite right yet. You need to put some mystery and mystique into the screwcap. It needs to have a sound. Just as Champagne pops, something has to happen when you open – that moment of celebration or joy. Right now it crunches.”

In Roberts' world consolidation will bring greater above-the-line investment but it will also reduce available brands. “There has got to be a focus on fewer brands. We are drowning in choice at the moment. People are buying by price and that is not right. You don't need a hundred wines in a restaurant. As long as you have a few around each varietal, why do you need 17 kinds of Sauvignon Blanc?

“I think there is room for about 70 brands in retail. I say 70 because there are 76 different shampoos in Sainsbury's. But I think there should be about 12 global killer wine brands, or Lovemarks as I call them. For me Cloudy Bay is a Lovemark. I think Dom Pérignon is a Lovemark. In the US, Cristal is a Lovemark thanks to bling and rap. Krug is a Lovemark for a certain generation. In Bordeaux, perhaps Pétrus, Mouton Rothschild, Latour.

“Bordeaux is still a Trustmark and has respect. They haven’t ruined it yet although there have been a few attempts. But whether it has moved from trust to love is questionable. But, like shampoo, there should be something to suit every type. So there is room for many brands but they need to connect with consumer desire. You have got to start communicating directly with the consumer.

### **Time is money**

“A supermarket can have 50,000 items in it. The average shopper buys 18 in one trip and spends 20 minutes doing so. Most of that time is spent hurrying to get out. She spends only 1.4 seconds per typical category. Hence the growth of Tesco Express and Sainsbury’s Metro. They understand the shopper’s needs and the consumer is boss. The idea that shoppers are driven by a range of prices is flawed. It’s an old-fashioned 1980s phenomena but the wine business has not changed. You have kept proliferating, kept prices down – all the hallmarks of commodity. Nobody makes money anymore except the retailers and promotions just devalue the equity. You never get it back. You don’t see too many iPods on promotion do you?”

For the perfect wine brand Roberts sets his prices high, higher than the average consumer would go with the choice they have now. But perhaps consolidation will give greater control of prices back to the producers.

“I think US\$20 is a great target price if you were to deliver innovation, taste, quality, mystery, sensuality and intimacy. I think in the UK you would find a profitable business for the grower, the retailer and the consumer. Because even at £7 there is just not enough money in the chain. And at that price there is going to be no delight or amazement. At £7 it’s going to be about just satisfying consumers, with lots of risk and glut down the chain.

“This is an emotional category that is being sold functionally. A category of dreams is being sold on price,” he laments.

Despite the tough rhetoric, Roberts is a softy. He likes to get emotional and believes brands should be loved, not just trusted. The question is can you make consumers fall in love? Kevin Roberts thinks he can.

### **CV •**

Born Lancaster, England, 1949

- Educated Lancaster Royal Grammar School, England
- Mary Quant Cosmetics, brand manager, United Kingdom, 1969-72
- Gillette, international new products manager, Europe, 1972-75

- Procter & Gamble, group marketing manager, export and special operations, Middle East/Africa, 1975-82
- Pepsi Cola, regional vice president, Middle East, 1982-86
- Pepsi Cola, president and chief executive officer, Canada, 1987-89
- Lion Nathan, director and chief operating officer, 1989-96
- Saatchi & Saatchi, chief executive officer worldwide, 1997. Saatchi & Saatchi then became part of Publicis Groupe SA, the world's fourth largest communications group
- Member of the management board, Publicis Groupe, 2000
- Former director of New Zealand Rugby Football Union (1997–2000)
- Co-founder of The New Zealand Edge, an idea to transform New Zealand's identity and to network the million-strong community of New Zealanders living internationally
- Professor of Sustainable Enterprise at the Waikato Management School, University of Waikato, Hamilton, New Zealand and the University of Limerick, Ireland
- Awarded Honorary Doctorate by the University of Waikato, "in recognition of achievements as an inspirational business leader and for contribution to sport in New Zealand"
- Inaugural CEO in Residence at Cambridge University's business school – the Judge Institute of Management
- In 2004 awarded the New Yorker for New York Award by the Citizens for NYC, a nonprofit organization
- Author of Lovemarks: the future beyond brands, Powerhouse Books, New York 2004