Advertising Age

Transcript of interview with Jonah Bloom at Advertising Age in New York.

Hello this is Hoag Levins of Advertising Age in New York and welcome to this edition of the “Why It Matters” audio show. The Ad Age news room has just been through a frantic time with it's coverage of the fast-breaking and somewhat intertwined stories of the ad agency changes being made by Wal-Mart and JC Penney.

With us today is Ad Age editor Jonah Bloom to give us an overview and the back-story of these gigantic account moves.

So Jonah, why is there such a high level of interest in this Penney's and Wal-Mart business? Why's it on the front page?

Well I think one of the obvious reasons is that these are big chunks of change. The Wal-Mart account is worth $570 million and the Penney's account is worth about $400 million, so, you know, that's $1 billion that's up for grabs right now. People are going to be interested. I think the other thing that you have to note is that it's been kind of a quiet year in terms of big account moves.

You've got more people who are parceling projects out one by one, rather than looking for a whole new agency of record. And you've got more people who are very busy trying to figure out what this huge digital revolution means for them than they are worried about whether or not they ought to be tweaking their advertising. You've got quite a few things going on there that have conspired to basically create a lull in the new business arena, which means that obviously a lot of attention gets focused on the one or two big chunks of business that are out there. And Wal-Mart's certainly one of those.

Give us an overall picture of all that happened last week.

Last week was pretty incredible because in one day we started to hear that maybe Saatchi was going to drop out of the Wal-Mart review. And then suddenly we heard that Saatchi, which was pretty much the favorite for this account actually had dropped out of the Wal-Mart review. The next thing we hear is that a memo has suddenly gone round from the CEO of DDB Chicago which says that Penney's, which is a pretty big and a pretty long-time client for them, has decided to leave DDB Chicago.

So it didn't take a genius from that point to work out what the announcement was going to be. And sure enough, the next announcement was that Saatchi, having dropped out of that Wal-Mart account, was going to become the agency for Penney's. So it was a pretty crazy day in the way that these two wove together.

In these big account moves there's always back story's. Tell us some of that that went on.

I think the back story here is that the CEO at JC Penney, Mike Myron, attended a conference where he heard Kevin Roberts, the CEO of Saatchi, speaking. In this speech he brought up his book, Lovemarks, which is all about this idea that you can take a brand from being something that's consumed by the consumers and really make it something they love - this Lovemark.

And then after he had finished speaking he apparently met with Myron, gave him a copy of the book and he said "you know what; JC Penney should be a Lovemark in Middle America." What CEO doesn't want to hear that? Maybe this slightly dowdy, slightly down-market brand can become something that consumers will love the way they love a Nike or an Apple. It's a pretty compelling argument.

The next thing you know, the CEO is onboard the corporate jet with his CMO, his Chief Marketing Officer, Mike Boylson, telling him all about the way that Kevin Roberts and Saatchi could turn this JC Penney's into something consumers would truly love. And I don't know whether it was actually an instruction - "you must fire DDB Chicago and hire Saatchi" or whether it was just one of those - "it would be strongly recommended that you ought to do that"? But I guess when the CEO starts to enthuse about something like that, many CMO's would feel that it's pretty much either knock 'em back and risk the fact you might not have your job in a couple of weeks, or get on board with the Lovemarks program. And in this case Mr Boylson chose to get on board with the Lovemarks program.

All of these moves were really big events. There were big losers and big winners. What are some of the implications?

First off, DDB Chicago is a *huge* loser here. They have lost a couple of big bits of business this year. Admittedly they have won Safeway, but they've also seen some Home Depot business go away. They've seen some Dell Computers business go away. And now they see a $430 million account go away. That's a huge blow for any agency. So I expect we'll see some lay-offs there.

I think the big winner is Kevin Roberts. Here is a guy, who many would say; he sells a sort of shimmering mirage of "my brand is going to be loved". Advertising Age itself had criticized Kevin Roberts for being so involved with his own projects. We had criticized him for spending so much time writing Lovemarks, for being one of those motivational speakers on the circuit. But the fact is it looks like that just pulled in a $430 million piece of business for his agency. So I think the big winner is Kevin Roberts, and the other winner that you might note kind of alongside Kevin Roberts and Saatchi there, you might note that agency differentiation, or at least strong agency marketing tactics, can pay off.

Lovemarks, to many, might be seen as so much codswollop. But by having a different approach, by saying something about what he believed in, differentiating his brand a little bit, he maybe stood out from the crowd. And frankly the agencies are bordering on commodity these days, and I think it shows that some kind of marketing tactic on behalf of an agency can really make the difference.

Lovemarks, Roberts wrote that in 2004 and suddenly it is the star of this giant account move. What exactly is it? What is the book Lovemarks about?

Well, it's hard to say what it's about. It's kind of very loosely a guide to making people love your brand. And it's full of lots of color illustrations. It's kind of an eclectic mix of photographs from around the world. You know, the kids in India with the sack of rice, right through to the picture of the Nike slogan. It almost seems to be schizophrenic in design terms. And it's very very heavy on all this illustration. So it sort of feels a little light weighted in terms of what it's actually telling you.

It does have a lot of interesting examples. How people like you and I really love Google. It talks about how we really love Apple. How we really love Nike. It even talks about the example of Coke, and the new Coke debacle, and how that made people realize they really loved old Coke.

What it doesn't really tell me is how I can actually achieve that kind of status. Because I think we all know the different reasons why people adore those brands, but that doesn't necessarily mean you can replicate them. It's very difficult if I'm Dell to become Apple. It's very difficult if I'm Dunlop to become Nike. So it feels on the one level, like yes absolutely right, people do really love

brands. On the other hand where's the methodology and the process here to get me from unloved brand over to much loved brand? I think some people feel that it's a little lightweight. But, bottom line is it's turned out to be a really strong sales tool.

If I was going to come down very much on the side of Kevin Roberts, I might say maybe the reason he didn't put the methodology in there is ‘cause he wanted you to feel the only way you could actually get from unloved to much loved was by hiring his company Saatchi. So in a way, it's a book full of illustrations that doubles as a sales tool for both Kevin Roberts himself and for Saatchi.

And I'm sure we'll all be watching to see how well Saatchi manages to put their Lovemark across JC Penney in the coming months. Jonah, thanks for being here today and taking us behind the scenes. That was really interesting stuff.

Thanks Hoag.

And that will be a wrap for this edition of “Why It Matters”. Thanks for clicking open this file and we hope you'll be back to listen to next week's as well. This is Hoag Levins at Advertising Age in New York.