

# Saatchi strategy relies on being ugly

Neil Shoebridge

Rupert Murdoch is wrong. The claim by the News Corp chairman and chief executive that "the worst is over" in the global advertising downturn was, says Kevin Roberts, self-serving and incorrect.

Mr Murdoch made the comment this month during the release of News Corp's March-quarter results, which included a 47 per cent slump in operating income.

Mr Roberts, who is global chief executive of the ad agency Saatchi & Saatchi, said Murdoch's statement had obviously been designed to take the heat off News Corp's bad results.

"In the talks I'm having with chief executives in the US and the UK, it's clear that the rest of 2009 will be tough for the media and ad industries and 2010 will be another tough year," he said.

"There won't be a lift in 2010. We're not planning for that. We're preparing for another year of winning ugly together."

"Winning ugly together" is the phrase Mr Roberts started using in July last year to describe Saatchi's response to the global financial crisis and the resultant downturn in advertising activity and spending.

The phrase was lifted from *Winning Ugly: Mental Warfare In Tennis*, a 1994 book by American tennis coach and former professional tennis player Brad Gilbert that offered tips on how a tennis player can beat a more skilled opponent.



Saatchi's Kevin Roberts says the tough times are nowhere near over. Photo: IFC WALKER

"This is not a recession or a depression; it's a catastrophe," said Mr Roberts, who has run Saatchi — which is owned by the Paris-based marketing services-giant Publicis Groupe — since 1997.

"Everyone is out of their comfort zone and everyone, including our clients, are under great stress.

"It's our job to help clients re-frame the way they do business. That means reframing the way we do business as well.

"The times have become very ugly. Every morning you have to strap on your bulletproof vest ... because everything coming at you during the day is going to be bad."

The "Winning ugly together" mantra covers three core themes: consolidation, simplification and speed. The consolidation theme includes convincing clients, most of which use more than one ad agency, to shift all their business to Saatchi.

Early this year the European

division of Toyota, which is one of Saatchi's key global clients, fired several small agencies and consolidated most of its advertising account with Saatchi.

"Most clients have three or four ad agencies and perhaps 30 marketing services partners," Mr Roberts said. "They can afford that when times are good. But in times like these, clients don't have the time, the resources or the mindpower to deal with so many suppliers.

"Clients are cutting budgets and reducing headcounts, but the scope of the work is increasing.

"We say to clients that the only way we can do more work and reduce the fees we charge is if they give us more of their business and allow us to scale up."

The speed and simplification parts of the "Winning ugly together" strategy have led to Saatchi dismantling its specialist digital marketing divisions and spreading its staff through the main agencies, and introducing a three-day rule for making key decisions.

"If anybody in the company has a big problem, they have to get it to me within 24 hours," Mr Roberts said.

"I guarantee to give them an answer within 24 hours. They then have 24 hours to execute the solution. The three-day rule gives our people a great sense of liberation and a sense of massive speed."

In 2007, Saatchi moved from 12-month plans to 100-day plans.

"That has made things a lot faster, but now I'm telling my guys

we need to move to 30-day plans," Mr Roberts said.

Publicis Groupe does not release revenue and earnings numbers for its individual companies, which include Saatchi, ad agencies Leo Burnett and Publicis and media agencies Starcom MediaVest and Zenith Optimedia.

The group reported a 44 per cent drop in like-for-like revenue for the March quarter — a smaller decline than those posted by rival global marketing services companies such as Omnicom, Interpublic and WPP Group. Mr Roberts said Saatchi performed in line with its parent.

"Our revenue is down year-on-year because key clients have been cutting their ad spending, but we have never been as successful in retaining current business and winning new business," he said.

"Clients recognise that the idea of winning ugly together and the focus on consolidation, simplicity and speed really make sense in this environment."

Despite Mr Murdoch's comments, Mr Roberts said most companies were still cutting costs, including ad budgets.

"Clients are still in the cut, cut, cut phase," he said.

"At some point they will move to the farm, farm, farm stage, that is, trying to get more from existing brands and customers.

"Then they will realise they need to get a bit more inventive and will start investing again in new brands, new products and new advertising."