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Saatchi Chief Says Online Ads Could Alter 'Antisocial' Medium

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It's hard to believe now, but not too long ago tech-savvy doomsayers were confidently predicting that the Internet would destroy the traditional advertising and media world.

They're still predicting, but the reality is turning out to be a lot more complicated -- at least for now. Ad agencies, television networks and even newspapers are enjoying their best years in history, thanks in part to the billions of dollars that Internet start-ups have spent on old-media ads. At the same time, advertisers are struggling to make the Internet work as an advertising medium. The percentage of consumers responding to Internet ads by clicking on them has plummeted -- and some of Silicon Valley's biggest kingpins barely advertise on the Web at all.

Internet advertising that works has become the industry's Holy Grail. Now, major old-line ad agencies are finally joining the hunt, bringing a different perspective. Leading one such agency is New Zealander Kevin J. Roberts, the energetic chief executive of Saatchi & Saatchi PLC, the London agency with 7,000 employees in 92 countries around the world.

A former rugby player known for sometimes expressing himself in brash ways -- he once fired a gun at a Coke vending machine during his days as an executive at Pepsico Inc. -- Mr. Roberts isn't one to hold back. Visiting San Francisco recently to address @d:tech, an Internet advertising conference, he shared his views on the future of the Internet and what his daughter's car says about Web advertising.

WSJ: We've seen the boom in dot-com ad spending, then the collapse of some dot-coms in the last few months. What went wrong and where is the Internet headed?

Roberts: Candice Carpenter of iVillage joined our board, which is a measure of my belief the Internet is here to stay. But guess what? A lot of players are disappearing, and only the smart guys are cutting it. No s---, Sherlock. ... The Internet isn't going away, but the easy bucks have gone down the toilet. A lot of bad ideas benefited from [the dot-com boom].

I was speaking with some guys from Harvard recently, and do you know that two-thirds of the M.B.A. class are going to dot-coms? I told them they were nuts....

No medium has ever replaced another. It isn't an either-or situation. There's a new way of communicating, and the challenge is how to bring emotion and engagement -- how to bring love -- to a personal and sometimes antisocial medium. For me, [the Internet] is like electricity. I don't care where it came from, or how it got there. I just want to figure out how to emotionally connect with it.

WSJ: What makes you think one medium won't replace another?

Roberts: It all started with newspapers. Guess what? They're still here.... Wasn't television supposed to replace radio? Now there are more radio stations than ever before. Now people tell me that the Internet will replace television. They're smoking dope. It isn't going to happen. It isn't going to go away.

WSJ: Everyone is pretty much in agreement that online advertising isn't working. What is it going to take to make it work?

Roberts: Now, it looks like hamburger meat. The advertising all stinks. It's so boring. Remember the old 1950s ads on television? That's what it looks like....

Agencies have got to endorse [the Internet], but the problem is you've got a lot of 40- and 50-year-

old guys at agencies who are threatened by it. So they create separate groups and hire bleached-blond skateboarders to deal with it. It's bulls---. Consumers see this as part of their daily intake of communication....

You'll see a transition [on the Internet] from information to relationships. Great brands can't exist just by providing information. The great ones have mystery and sensuality. Our task is to create mystery and sensuality on the Internet. Right now we're failing hopelessly, just hopelessly ...

Look at two successful brands. Apple is the most sensual product since the vibrator. It's built on sensuality. My daughter just got a new [Volkswagen] Beetle, and every day she talks to it. It's a member of our family who happens to live in the garage because she can't fit it in her bedroom. She almost strokes it. We live in New Zealand, and people stop to take pictures of it. People want to pat it. That's what we're going to create with the Internet.

WSJ: Despite the recent drop in the market, there are still some online advertising agencies rattling their sabers, saying they are going to acquire traditional agencies. After all, online shops do get higher multiples in the stock market.

Roberts: That's absolutely nuts. John Chambers of Cisco talks about "co-opetition." Why don't we all try to do what we're good at? These guys are great at technology, taking it places it's never been before. Let's go on dates -- not get married.

WSJ: What impact is the recent downturn in tech stocks having on ad agencies? Isn't the downfall of the dot-coms eventually going to hurt?

Roberts: Everybody's realized it's about building brands, and everyone is investing in that. I feel bullish about the next three to four years. The old economy is roaring back. P&G won't take losing \$57 billion in stock [market value] lying down. ... The global ad agencies will do better and better, although some of the smaller shops may get hurt....

One of the biggest things that's going to happen is a lot of people are going to come back from dot-coms bruised, battered, shaken up and broke, their options not worth a box of Charmin.... I was excited to see kids doing the dot-com thing. But to think they would all succeed would have been ridiculous. Now they'll come back wounded, smarter and with a little scar tissue, which is a good thing.

WSJ: One of the best ideas I've heard was from former creative directors at TBWA/Chiat Day talking about what they could do online with the Energizer Bunny.

Roberts: Most clients aren't thinking like that. Neither are the agencies.... These cowboys are obsessed with technology instead of ideas. They think "e" stands for electronic, when "e" stands for emotion. That's where they're missing it.

Lessons From Kevin Roberts on Advertising and the Web

- 1. Remember that no medium has ever replaced another. It isn't either-or. Newspapers and radio survived the arrival of TV, and TV will survive the coming of the Internet.**
- 2. Great brands are about relationships, not just information. Internet advertising must have mystery and sensuality.**
- 3. Online agencies and old-line agencies should do what they are good at. They should go on dates -- not get married.**
- 4. Welcome back the kids who defected to dot-coms. They'll come back wounded but smarter.**
- 5. Stop obsessing about technology, and start obsessing about ideas. The 'e' doesn't stand for electronic; it stands for emotion.**

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